

<i>SERFF Tracking Number:</i>	<i>SHEL-125876831</i>	<i>State:</i>	<i>Arkansas</i>
<i>Filing Company:</i>	<i>Shelter Mutual Insurance Company</i>	<i>State Tracking Number:</i>	<i>#1382346 \$100</i>
<i>Company Tracking Number:</i>	<i>03M20408</i>		
<i>TOI:</i>	<i>04.0 Homeowners</i>	<i>Sub-TOI:</i>	<i>04.0000 Homeowners Sub-TOI Combinations</i>
<i>Product Name:</i>	<i>HO</i>		
<i>Project Name/Number:</i>	<i>Lammers/</i>		

## Filing at a Glance

Company: Shelter Mutual Insurance Company

Product Name: HO

TOI: 04.0 Homeowners

Sub-TOI: 04.0000 Homeowners Sub-TOI  
Combinations

Filing Type: Rate/Rule

SERFF Tr Num: SHEL-125876831

SERFF Status: Closed

Co Tr Num: 03M20408

Co Status: Approved

Authors: Brian Marcks, Sue  
Burlingame

Date Submitted: 10/29/2008

State: Arkansas

State Tr Num: #1382346 \$100

State Status: Fees verified and  
received

Reviewer(s): Becky Harrington,  
Brittany Yielding

Disposition Date: 10/31/2008

Disposition Status: Filed

Effective Date Requested (New): 01/14/2009

Effective Date Requested (Renewal): 01/14/2009

Effective Date (New): 12/20/2008

Effective Date (Renewal):  
12/20/2008

State Filing Description:

## General Information

Project Name: Lammers

Project Number:

Reference Organization:

Reference Title:

Filing Status Changed: 10/31/2008

State Status Changed: 10/31/2008

Corresponding Filing Tracking Number:

Filing Description:

Status of Filing in Domicile:

Domicile Status Comments:

Reference Number:

Advisory Org. Circular:

Deemer Date:

Base rates have been revised for Form HO-3. Amount of insurance relativities were reduced to one size curve for Form HO-3. Claims surcharge factors were also revised. This filing will result in an overall increase in revenue of 8.9% or \$3,191,705.

<i>SERFF Tracking Number:</i>	<i>SHEL-125876831</i>	<i>State:</i>	<i>Arkansas</i>
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<i>Company Tracking Number:</i>	<i>03M20408</i>		
<i>TOI:</i>	<i>04.0 Homeowners</i>	<i>Sub-TOI:</i>	<i>04.0000 Homeowners Sub-TOI Combinations</i>
<i>Product Name:</i>	<i>HO</i>		
<i>Project Name/Number:</i>	<i>Lammers/</i>		

## Company and Contact

### Filing Contact Information

Brian Marcks, Coordinator of Insurance Department Affairs 1817 West Broadway Columbia, MO 65218	BCMarcks@shelterinsurance.com  (573) 214-4165 [Phone] (573) 446-7317[FAX]
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### Filing Company Information

Shelter Mutual Insurance Company 1817 West Broadway Columbia, MO 65218 (573) 445-8441 ext. [Phone]	CoCode: 23388 Group Code: Group Name: FEIN Number: 43-0613000 -----	State of Domicile: Missouri Company Type: State ID Number:
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## Filing Fees

Fee Required?	Yes
Fee Amount:	\$100.00
Retaliatory?	No
Fee Explanation:	
Per Company:	No

COMPANY	AMOUNT	DATE PROCESSED	TRANSACTION #
Shelter Mutual Insurance Company	\$0.00	10/29/2008	

CHECK NUMBER	CHECK AMOUNT	CHECK DATE
1382346	\$100.00	10/23/2008

SERFF Tracking Number:	SHEL-125876831	State:	Arkansas
Filing Company:	Shelter Mutual Insurance Company	State Tracking Number:	#1382346 \$100
Company Tracking Number:	03M20408		
TOI:	04.0 Homeowners	Sub-TOI:	04.0000 Homeowners Sub-TOI Combinations
Product Name:	HO		
Project Name/Number:	Lammers/		

## Correspondence Summary

### Dispositions

Status	Created By	Created On	Date Submitted
Filed	Becky Harrington	10/31/2008	10/31/2008

### Objection Letters and Response Letters

Objection Letters				Response Letters		
Status	Created By	Created On	Date Submitted	Responded By	Created On	Date Submitted
Pending Industry Response	Becky Harrington	10/29/2008	10/29/2008	Brian Marcks	10/29/2008	10/29/2008

### Filing Notes

Subject	Note Type	Created By	Created On	Date Submitted
Change of effective date	Note To Reviewer	Brian Marcks	10/31/2008	10/31/2008

<i>SERFF Tracking Number:</i>	<i>SHEL-125876831</i>	<i>State:</i>	<i>Arkansas</i>
<i>Filing Company:</i>	<i>Shelter Mutual Insurance Company</i>	<i>State Tracking Number:</i>	<i>#1382346 \$100</i>
<i>Company Tracking Number:</i>	<i>03M20408</i>		
<i>TOI:</i>	<i>04.0 Homeowners</i>	<i>Sub-TOI:</i>	<i>04.0000 Homeowners Sub-TOI Combinations</i>
<i>Product Name:</i>	<i>HO</i>		
<i>Project Name/Number:</i>	<i>Lammers/</i>		

## Disposition

Disposition Date: 10/31/2008

Effective Date (New): 12/20/2008

Effective Date (Renewal): 12/20/2008

- Effective Date (New) changed from 01/14/2009 to 12/20/2008 and Effective Date (Renewal) changed from 01/14/2009 to 12/20/2008 by Harrington, Becky on 10/31/2008.

Status: Filed

Comment:

<b>Company Name:</b>	<b>Overall % Rate Impact:</b>	<b>Written Premium Change for this Program:</b>	<b># of Policy Holders Affected for this Program:</b>	<b>Premium:</b>	<b>Maximum % Change (where required):</b>	<b>Minimum % Change (where required):</b>	<b>Overall % Indicated Change:</b>
Shelter Mutual Insurance Company	8.900%	\$3,191,705	48,006	\$37,479,170	18.300%	-18.200%	9.700%

SERFF Tracking Number: SHEL-125876831 State: Arkansas

Filing Company: Shelter Mutual Insurance Company State Tracking Number: #1382346 \$100

Company Tracking Number: 03M20408

TOI: 04.0 Homeowners Sub-TOI: 04.0000 Homeowners Sub-TOI Combinations

Product Name: HO

Project Name/Number: Lammers/

Item Type	Item Name	Item Status	Public Access
Supporting Document	Form RF-2 Loss Costs Only (not for workers' compensation)		Yes
Supporting Document	H-1 Homeowners Abstract	Filed	Yes
Supporting Document	HPCS-Homeowners Premium Comparison Survey	Filed	Yes
Supporting Document	NAIC loss cost data entry document	Filed	Yes
Supporting Document	Uniform Transmittal Document-Property & Casualty	Filed	Yes
Supporting Document	Explanatory Memorandum	Filed	Yes
Supporting Document	Loss Experience	Filed	Yes
Supporting Document	Excel version of Form HPCS	Filed	Yes
Supporting Document	Claims Surcharge Comparison	Filed	Yes
Rate	Manual Pages	Filed	Yes

SERFF Tracking Number: SHEL-125876831 State: Arkansas  
Filing Company: Shelter Mutual Insurance Company State Tracking Number: #1382346 \$100  
Company Tracking Number: 03M20408  
TOI: 04.0 Homeowners Sub-TOI: 04.0000 Homeowners Sub-TOI Combinations  
Product Name: HO  
Project Name/Number: Lammers/

## Objection Letter

Objection Letter Status Pending Industry Response

Objection Letter Date 10/29/2008

Submitted Date 10/29/2008

Respond By Date

Dear Brian Marcks,

This will acknowledge receipt of the captioned filing.

### Objection 1

- HPCS-Homeowners Premium Comparison Survey (Supporting Document)

Comment:

Form HPCS must be submitted in Excel spreadsheet format. Companies may not change the form in any way or include formulas.

### Objection 2

- Explanatory Memorandum (Supporting Document)

Comment: Provide supporting documentation for the change in claim surcharges.

Please feel free to contact me if you have questions.

In accordance with Regulation 23, Section 7.A., this filing may not be implemented until 20 days after the requested amendment(s) and/or information is received.

Sincerely,

Becky Harrington

## Response Letter

Response Letter Status Submitted to State

Response Letter Date 10/29/2008

Submitted Date 10/29/2008

Dear Becky Harrington,

**Comments:**

SERFF Tracking Number:	SHEL-125876831	State:	Arkansas
Filing Company:	Shelter Mutual Insurance Company	State Tracking Number:	#1382346 \$100
Company Tracking Number:	03M20408		
TOI:	04.0 Homeowners	Sub-TOI:	04.0000 Homeowners Sub-TOI Combinations
Product Name:	HO		
Project Name/Number:	Lammers/		

## Response 1

Comments: Becky,

Reference is made to your note of today regarding the captioned filing. Following are responses to your questions in the same order as they appeared in your note.

1. We have attached an Excel version of Form HPCS.
2. With this filing, claims surcharge factors were either reduced or stayed the same. No factors were increased. The factors were revised to be more in line with competition. Attached is a comparison of our current and proposed factors.

Please let me know if you have questions.

### Related Objection 1

Applies To:

- HPCS-Homeowners Premium Comparison Survey (Supporting Document)

Comment:

Form HPCS must be submitted in Excel spreadsheet format. Companies may not change the form in any way or include formulas.

### Related Objection 2

Applies To:

- Explanatory Memorandum (Supporting Document)

Comment:

Provide supporting documentation for the change in claim surcharges.

### Changed Items:

#### Supporting Document Schedule Item Changes

Satisfied -Name: Excel version of Form HPCS

Comment: Please see attachment.

Satisfied -Name: Claims Surcharge Comparison

Comment: Please see attachment.

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

*SERFF Tracking Number: SHEL-125876831*

*State: Arkansas*

*Filing Company: Shelter Mutual Insurance Company*

*State Tracking Number: #1382346 \$100*

*Company Tracking Number: 03M20408*

*TOI: 04.0 Homeowners*

*Sub-TOI: 04.0000 Homeowners Sub-TOI Combinations*

*Product Name: HO*

*Project Name/Number: Lammers/*

Sincerely,

Brian Marcks, Sue Burlingame



<i>SERFF Tracking Number:</i>	<i>SHEL-125876831</i>	<i>State:</i>	<i>Arkansas</i>
<i>Filing Company:</i>	<i>Shelter Mutual Insurance Company</i>	<i>State Tracking Number:</i>	<i>#1382346 \$100</i>
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<i>Product Name:</i>	<i>HO</i>		
<i>Project Name/Number:</i>	<i>Lammers/</i>		

**Note To Reviewer**

**Created By:**

Brian Marcks on 10/31/2008 01:32 PM

**Subject:**

Change of effective date

**Comments:**

Becky,

Thank you for your approval of the captioned filing. As we discussed in our telephone conversation this morning, we have revised the effective date for this filing to December 20, 2008. Please let me know if you have questions.

Brian

SERFF Tracking Number: SHEL-125876831  
Filing Company: Shelter Mutual Insurance Company  
Company Tracking Number: 03M20408  
TOI: 04.0 Homeowners  
Product Name: HO  
Project Name/Number: Lammers/

State: Arkansas  
State Tracking Number: #1382346 \$100  
Sub-TOI: 04.0000 Homeowners Sub-TOI Combinations

## Rate Information

Rate data applies to filing.

<b>Filing Method:</b>	File and Use
<b>Rate Change Type:</b>	Increase
<b>Overall Percentage of Last Rate Revision:</b>	-0.400%
<b>Effective Date of Last Rate Revision:</b>	04/20/2007
<b>Filing Method of Last Filing:</b>	File and Use

## Company Rate Information

Company Name:	Overall % Indicated Change:	Overall % Rate Impact:	Written Premium Change for this Program:	# of Policy Holders Affected for this Program:	Premium:	Maximum % Change (where required):	Minimum % Change (where required):
Shelter Mutual Insurance Company	9.700%	8.900%	\$3,191,705	48,006	\$37,479,170	18.300%	-18.200%

<i>SERFF Tracking Number:</i>	<i>SHEL-125876831</i>	<i>State:</i>	<i>Arkansas</i>
<i>Filing Company:</i>	<i>Shelter Mutual Insurance Company</i>	<i>State Tracking Number:</i>	<i>#1382346 \$100</i>
<i>Company Tracking Number:</i>	<i>03M20408</i>		
<i>TOI:</i>	<i>04.0 Homeowners</i>	<i>Sub-TOI:</i>	<i>04.0000 Homeowners Sub-TOI Combinations</i>
<i>Product Name:</i>	<i>HO</i>		
<i>Project Name/Number:</i>	<i>Lammers/</i>		

## Rate/Rule Schedule

<b>Review Status:</b>	<b>Exhibit Name:</b>	<b>Rule # or Page #:</b>	<b>Rate Action</b>	<b>Previous State Filing Attachments Number:</b>
Filed	Manual Pages	GR-12, PD-1 thru PD-3 and R- 1 thru R-3	Replacement	HO GR,PD & R Pages.pdf

## 5. PREMIUM ADJUSTMENTS (Cont.)

### h. Claim Surcharge (Primary and Secondary, All Forms)

A surcharge may apply to a policy based on the policyholder's claims experience. For new business, the surcharge will be determined by the type and number of paid claims **of more than \$250** occurring in the 3-year period immediately preceding the date of the application. For renewal business, the surcharge will be determined, at each renewal, by the type and number of paid claims **of more than \$250** occurring in the 3-year period ending 35 days prior to the renewal effective date.

In determining the surcharge, Earthquake, Medical Payment and Identity Fraud claims will be disregarded. Claims involving a land motor vehicle (not insured, owned or driven by the insured) colliding into the insured's dwelling will also be disregarded. Wind, Hail, Lightning, and Weight of Ice, Sleet, or Snow claims will be considered Weather claims. Per the table below, Weather claims are recorded but not surcharged. All other claims will be considered Non-Weather claims.

**Note: For those policies in force prior to 08-25-2004, only eligible claims that occur on or after 08-25-2004 will be considered when calculating the Claims Surcharge.**

Number of Claims	Non-Weather				
Weather	0	1	2	3	4+
0	0%	15%	50%	85%	85%
1	0%	15%	50%	85%	85%
2	0%	15%	50%	85%	85%
3	0%	15%	50%	85%	85%
4+	0%	15%	50%	85%	85%

**ARKANSAS HOMEOWNERS FORM 3  
PREMIUM DETERMINATION CHART**

**Dwelling Package Premium**

Step	Description	Reference	Round	Calculation
1	Base Rate	R-1,2	\$	+
2	Amount of Insurance	R-3	\$	x
3	Heating System Discount	GR-10	\$	x
4	Renovation Cost	R-1,2	\$	x
5	Townhouse/Rowhouse	GR-13	\$	x
6	Tier	GR-15	\$	x
7	Claim Free Discount	GR-10	\$	x
8	Claim Surcharge	GR-12	\$	x
9	Deductible	GR-8	\$	x
10	Companion Policy Discount	GR-10	\$	x
11	New or Improved Home Discount	GR-10/11	\$	x
12	New Home Under Construction Disc	GR-9	\$	x
13	Protective Device Discount	GR-9	\$	x
14	Term	GR-14	\$	x
Total Premium				

**Increased Limits / Mandatory / Optional Coverages**

Description	Page		Base Rate	*Deductible	Additional Calculation	Applicable Exposure Units	Term Factor	Total Premium
Additional Living Expense	GR-17		+			per \$1,000 Increase	x	
Fire Department Charges	GR-17		+			per \$100 Increase	x	
Money	GR-17		+	x		per \$100 Increase	x	
Other Structures	GR-17	per Structure	+	x		per \$1,000 Increase	x	
Outdoor Antennas & Equip	GR-18		+	x		per \$1,000 Increase	x	
Personal Property	GR-18		+	x		per \$1,000 Increase	x	
Personal Liability	GR-19		+				x	
Additional Residence Liab (Primary Chrg)	GR-21		+				x	
Additional Residence Liab Credit (Secondary)	GR-21	per Add'l Res.	-				x	
Permitted Business Activity	GR-21							
Incidental Business (Basic)	GR-21		+					
Optional Stock of Merchandise	GR-22		+	x		per \$1,000 Total Cov		
Child Day Care (Basic)	GR-22		+					
Foster Care (Basic)	GR-23		+					
Increased Limits on Other Structures	GR-22	per Structure	+	x		per \$1,000 Increase		
Total Permitted Business Activity			= Total Permitted Business Activity Premium					x
Additional Premises Rented to Others (Liab)	GR-24	per Dwelling	+				x	
Other Structures Rented to Others (Liab)	GR-24	per Structure	+				x	
Off Premises Structures	GR-25		+	x			x	
Incidental Farm Liability (On Premises)	GR-26		+				x	
Farmers Comprehensive Liab (Off Premises)	GR-26							
Acreage Charge	GR-27		+ 0 - 500 acres rate		+	per add'l 500 acres		
Farm Employees	GR-27		+ 1-2 employees rate		+	per add'l employee		
Animal Collision	GR-27		+					
Limited Pollution Liability	GR-28		+ 0 - 500 acres rate		+ >500 acres rate			
Total Farm Comp Pers Liab			= Total Farmers Comprehensive Liab Premium					x
Back-Up Of Sewer or Drain	GR-28		+	x			x	
Construction Theft	GR-28		+	x			x	
Earthquake	GR-29							
Dwelling Charge (Cov A)	GR-29		+	x		per \$1,000 Coverage		
Personal Property Increased Limit	GR-29		+	x		per \$1,000 Increase		
ALE Increased Limit	GR-29		+	x		per \$1,000 Increase		
Loss Assessment Limit	GR-29		+	x		per \$1,000 Increase		
Other Structures Increased Limit	GR-29	per Structure	+	x		per \$1,000 Increase		
Total Earthquake			= Total Earthquake Premium					x
Expanded Restoration Cost - Structures	GR-30	per Policy	+	x			x	
Guns and Related Equipment	GR-31		+	x			x	
Archery Equipment	GR-31		+	x			x	
Jewelry and Furs	GR-32		+	x			x	
Personal Computer	GR-33		+	x			x	
Piers, Wharves and Docks (On Premises)	GR-33	per Structure	+	x		per \$1,000	x	
Piers, Wharves and Docks (Off Premises)	GR-33	per Structure	+				x	
Expanded Restoration Cost - Contents	GR-34	Min Prem Applies	+		x Step 13		x	
Silverware and Goldware	GR-35		+	x			x	
Trees, Shrubs, Plants & Lawns W/H	GR-36		+	x		per \$1,000 Cov A	x	
Identity Fraud Expense	GR-36		+				x	
Business Endorsement	GR-37	per Person	+				x	
Loss Assessment	GR-38		+ 0 - \$5,000 Limit rate		+ >\$5,000 Limit rate	all rates per \$1,000	x	
Personal Injury Liability	GR-38		+				x	
Watercraft Liability	GR-39	per Watercraft	+		x Class Factor		x	

\* When the deductible is applied, the result should be rounded to the same number of digits as the item Base Rate.

Term Fee applies to final policy premium per non-annual policy term.

The minimum premium of \$1 shall be charged per item or per endorsement for each coverage written regardless of policy term.

**ARKANSAS HOMEOWNERS FORM 4  
PREMIUM DETERMINATION CHART**

**Package Premium**

Step	Description	Reference	Round	Calculation
1	Base Rate	R-4	\$	+
2	Amount of Insurance	R-5	\$	x
3	Heating System Discount	GR-10	\$	x
4	Form 4 or 6 Multi-Family Factor	R-4	\$	x
5	Tier	GR-15	\$	x
6	Claim Free Discount	GR-10	\$	x
7	Claim Surcharge	GR-12	\$	x
8	Deductible	GR-8	\$	x
9	Companion Policy Discount	GR-10	\$	x
10	Protective Device Discount	GR-9	\$	x
11	Term	GR-13	\$	x
Total Premium				

**Increased Limits / Mandatory / Optional Coverages**

Description	Page		Base Rate	*Deductible	Additional Calculation	Applicable Exposure Units	Term Factor	Total Premium
Additional Living Expense	GR-17		+			per \$1,000 Increase	x	
Fire Department Charges	GR-17		+			per \$100 Increase	x	
Money	GR-17		+	x		per \$100 Increase	x	
Building Additions and Alterations	GR-18		+	x		per \$1,000	x	
Outdoor Antennas & Equip	GR-18		+	x		per \$1,000 Increase	x	
Personal Liability	GR-19		+				x	
Additional Residence Liab (Primary)	GR-21		+				x	
Additional Residence Liab Credit (Secondary)	GR-21	per Add'l Res.	-				x	
Permitted Business Activity	GR-21							
Incidental Business	GR-21		+					
Optional Stock of Merchandise	GR-22		+	x		per \$1,000 Total Cov		
Child Day Care	GR-22		+					
Foster Care	GR-23		+					
Total Permitted Business Activity			= Total Permitted Business Activity Premium					x
Additional Premises Rented to Others (Liab)	GR-24	per Dwelling	+				x	
Other Structures Rented to Others (Liab)	GR-24	per Structure	+				x	
Off Premises Structures	GR-25		+	x			x	
Incidental Farm Liability (On Premises)	GR-26		+				x	
Farmers Comprehensive Liab (Off Premises)	GR-26							
Acreage Charge	GR-27		+ 0 - 500 acres rate	+		per add'l 500 acres		
Farm Employees	GR-27		+ 1-2 employees rate	+		per add'l employee		
Animal Collision	GR-27		+					
Limited Pollution Liability	GR-28		+ 0 - 500 acres rate	+	>500 acres rate			
Total Farm Comp Pers Liab			= Total Farmers Comprehensive Liab Premium					x
Back-Up Of Sewer or Drain	GR-28		+	x			x	
Construction Theft	GR-28		+	x			x	
Earthquake	GR-29							
Personal Property (Cov C)	GR-29		+	x		per \$1,000 Coverage		
ALE Increased Limit	GR-29		+	x		per \$1,000 Increase		
Loss Assessment Limit	GR-29		+	x		per \$1,000 Increase		
Total Earthquake			= Total Earthquake Premium					x
Guns and Related Equipment	GR-31		+	x			x	
Archery Equipment	GR-31		+	x			x	
Jewelry and Furs	GR-32		+	x			x	
Personal Computer	GR-33		+	x			x	
Piers, Wharves and Docks (On Premises)	GR-33	per Structure	+	x		per \$1,000	x	
Piers, Wharves and Docks (Off Premises)	GR-33	per Structure	+				x	
Expanded Restoration Cost - Contents	GR-34	Min Prem Applies	+		x Step 10		x	
Silverware and Goldware	GR-35		+	x			x	
Trees, Shrubs, Plants & Lawns W/H	GR-36		+	x		per \$1,000 Cov C	x	
Identity Fraud Expense	GR-36		+				x	
Business Endorsement	GR-37	per Person	+				x	
Loss Assessment	GR-38		+ 0 - \$5,000 Limit rate	+	>\$5,000 Limit rate	all rates per \$1,000	x	
Personal Injury Liability	GR-38		+				x	
Tenants Waterbed Liability	GR-38		+				x	
3 or 4 Family Dwelling-Premises Liability	GR-38		+				x	
Watercraft Liability	GR-39	per Watercraft	+		x Class Factor		x	

\* When the deductible is applied, the result should be rounded to the same number of digits as the item Base Rate.

Term Fee applies to final policy premium per non-annual policy term.

The minimum premium of \$1 shall be charged per item or per endorsement for each coverage written regardless of policy term.

**ARKANSAS HOMEOWNERS FORM 6  
PREMIUM DETERMINATION CHART**

**Package Premium**

Step	Description	Reference	Round	Calculation
1	Base Rate	R-4	\$	+
2	Amount of Insurance	R-5	\$	x
3	Heating System Discount	GR-10	\$	x
4	Form 6 Factor	R-4	\$	x
5	Form 4 or 6 Multi-Family Factor	R-4	\$	x
6	Tier	GR-15	\$	x
7	Claim Free Discount	GR-10	\$	x
8	Claim Surcharge	GR-12	\$	x
9	Deductible	GR-8	\$	x
10	Companion Policy Discount	GR-10	\$	x
11	Protective Device Discount	GR-9	\$	x
12	Term	GR-13	\$	x
Total Premium				

**Increased Limits / Mandatory / Optional Coverages**

Description	Page		Base Rate	*Deductible	Additional Calculation	Applicable Exposure Units	Term Factor	Total Premium
Condo Unit Rental Seasonal/Occasional	GR-13		+ Step 11				x	
Additional Living Expense	GR-17		+			per \$1,000 Increase	x	
Fire Department Charges	GR-17		+			per \$100 Increase	x	
Loss Assessment (Increased Limits)	GR-17		+ 0 - \$5,000 Limit rate		+ >\$5,000 Limit rate	all rates per \$1,000	x	
Money	GR-17		+	x		per \$100 Increase	x	
Building Property	GR-18		+	x		per \$1,000 Increase	x	
Outdoor Antennas & Equip	GR-18		+	x		per \$1,000 Increase	x	
Personal Liability	GR-19		+				x	
Additional Residence Liab (Primary)	GR-21		+				x	
Additional Residence Liab Credit (Secondary)	GR-21	per Add'l Res.	-				x	
Permitted Business Activity	GR-21							
Incidental Business	GR-21		+					
Optional Stock of Merchandise	GR-22		+	x		per \$1,000 Total Cov		
Child Day Care	GR-22		+					
Foster Care	GR-23		+					
Total Permitted Business Activity			= Total Permitted Business Activity Premium				x	
Additional Premises Rented to Others (Liab)	GR-24	per Dwelling	+				x	
Other Structures Rented to Others (Liab)	GR-24	per Structure	+				x	
Off Premises Structures	GR-25		+	x			x	
Incidental Farm Liability (On Premises)	GR-26		+				x	
Farmers Comprehensive Liab (Off Premises)	GR-26							
Acreage Charge	GR-27		+ 0 - 500 acres rate		+	per add'l 500 acres		
Farm Employees	GR-27		+ 1-2 employees rate		+	per add'l employee		
Animal Collision	GR-27		+					
Limited Pollution Liability	GR-28		+ 0 - 500 acres rate		+ >500 acres rate			
Total Farm Comp Pers Liab			= Total Farmers Comprehensive Liab Premium				x	
Back-Up Of Sewer or Drain	GR-28		+	x			x	
Construction Theft	GR-28		+	x			x	
Earthquake	GR-29							
Building Property	GR-29	per Structure	+	x		per \$1,000 Increase		
Personal Property (Cov C)	GR-29		+	x		per \$1,000 Coverage		
ALE Increased Limit	GR-29		+	x		per \$1,000 Increase		
Loss Assessment Increased Limit	GR-29		+	x		per \$1,000 Increase		
Total Earthquake			= Total Earthquake Premium				x	
Guns and Related Equipment	GR-31		+	x			x	
Archery Equipment	GR-31		+	x			x	
Jewelry and Furs	GR-32		+	x			x	
Personal Computer	GR-33		+	x			x	
Piers, Wharves and Docks (On Premises)	GR-33	per Structure	+	x		per \$1,000	x	
Piers, Wharves and Docks (Off Premises)	GR-33	per Structure	+				x	
Expanded Restoration Cost - Contents	GR-34	Min Prem Applies	+		x Step 11		x	
Silverware and Goldware	GR-35		+	x			x	
Trees, Shrubs, Plants & Lawns W/H	GR-36		+	x		per \$1,000 Cov C	x	
Identity Fraud Expense	GR-36		+				x	
Business Endorsement	GR-37	per Person	+				x	
Personal Injury Liability	GR-38		+				x	
Watercraft Liability	GR-39	per Watercraft	+		x Class Factor		x	

\* When the deductible is applied, the result should be rounded to the same number of digits as the item Base Rate.

Term Fee applies to final policy premium per non-annual policy term.

The minimum premium of \$1 shall be charged per item or per endorsement for each coverage written regardless of policy term.

# Arkansas Homeowners Form 3 Masonry Base Rates

**\$60,000 Base, \$500 Deductible,  
\$100,000 Liability, \$1,000 Medical Payments**

Zones	1-3, 1Y-3Y		4-5, 4Y-5Y		6, 6Y		7,7Y,1N-5N		8, 8Y		6N, 7N		9, 8N		10		11	
	Masonry curve		Masonry curve		Masonry curve		Masonry curve		Masonry curve		Masonry curve		Masonry curve		Masonry curve		Masonry curve	
4	661	1	687	1	774	1	870	1	1196	1	1310	1	1310	1	1700	1	1700	1
12	532	1	560	1	630	1	706	1	983	1	1065	1	1065	1	1400	1	1400	1
13	552	1	577	1	653	1	735	1	1020	1	1105	1	1105	1	1480	1	1480	1
15	480	1	499	1	562	1	628	1	872	1	950	1	950	1	1274	1	1274	1
16	552	1	577	1	653	1	735	1	1020	1	1105	1	1105	1	1480	1	1480	1
18	591	1	615	1	694	1	782	1	1100	1	1200	1	1200	1	1575	1	1575	1
20	661	1	687	1	774	1	870	1	1196	1	1310	1	1310	1	1700	1	1700	1
21	591	1	615	1	694	1	782	1	1100	1	1200	1	1200	1	1575	1	1575	1
23	470	1	489	1	549	1	618	1	849	1	926	1	926	1	1260	1	1260	1
24	513	1	534	1	605	1	675	1	956	1	1027	1	1027	1	1379	1	1379	1
26	661	1	687	1	774	1	870	1	1196	1	1310	1	1310	1	1700	1	1700	1
28	490	1	508	1	577	1	642	1	888	1	967	1	967	1	1280	1	1280	1
29	661	1	687	1	774	1	870	1	1196	1	1310	1	1310	1	1700	1	1700	1
31	567	1	593	1	669	1	752	1	1046	1	1130	1	1130	1	1450	1	1450	1
32	744	1	793	1	897	1	1009	1	1384	1	1510	1	1510	1	1921	1	1921	1
34	567	1	593	1	669	1	752	1	1046	1	1130	1	1130	1	1450	1	1450	1
35	612	1	637	1	722	1	808	1	1123	1	1206	1	1206	1	1582	1	1582	1
36	500	1	519	1	588	1	661	1	905	1	985	1	985	1	1321	1	1321	1
38	632	1	662	1	744	1	838	1	1158	1	1259	1	1259	1	1617	1	1617	1
40	567	1	593	1	669	1	752	1	1046	1	1130	1	1130	1	1450	1	1450	1
41	567	1	593	1	669	1	752	1	1046	1	1130	1	1130	1	1450	1	1450	1
44	591	1	615	1	694	1	782	1	1100	1	1200	1	1200	1	1575	1	1575	1
45	632	1	662	1	744	1	838	1	1158	1	1259	1	1259	1	1617	1	1617	1
48	490	1	508	1	577	1	642	1	888	1	967	1	967	1	1280	1	1280	1
49	500	1	519	1	588	1	661	1	905	1	985	1	985	1	1321	1	1321	1
50	532	1	560	1	630	1	706	1	983	1	1065	1	1065	1	1400	1	1400	1
51	513	1	534	1	605	1	675	1	956	1	1027	1	1027	1	1379	1	1379	1
53	612	1	637	1	722	1	808	1	1123	1	1206	1	1206	1	1582	1	1582	1
55	532	1	560	1	630	1	706	1	983	1	1065	1	1065	1	1400	1	1400	1
57	490	1	508	1	577	1	642	1	888	1	967	1	967	1	1280	1	1280	1
58	480	1	499	1	562	1	628	1	872	1	950	1	950	1	1274	1	1274	1
62	532	1	560	1	630	1	706	1	983	1	1065	1	1065	1	1400	1	1400	1
68	567	1	593	1	669	1	752	1	1046	1	1130	1	1130	1	1450	1	1450	1
75	513	1	534	1	605	1	675	1	956	1	1027	1	1027	1	1379	1	1379	1
77	470	1	489	1	549	1	618	1	849	1	926	1	926	1	1260	1	1260	1
78	567	1	593	1	669	1	752	1	1046	1	1130	1	1130	1	1450	1	1450	1
79	567	1	593	1	669	1	752	1	1046	1	1130	1	1130	1	1450	1	1450	1
87	480	1	499	1	562	1	628	1	872	1	950	1	950	1	1274	1	1274	1
88	500	1	519	1	588	1	661	1	905	1	985	1	985	1	1321	1	1321	1
91	612	1	637	1	722	1	808	1	1123	1	1206	1	1206	1	1582	1	1582	1
95	567	1	593	1	669	1	752	1	1046	1	1130	1	1130	1	1450	1	1450	1

FOR FORM 3 WITH RENOVATION COST B-639-B (REPAIR COST ON ROOF), MULTIPLY THE PREMIUM BY 1.20.



# Arkansas Homeowners Form 3 Frame Base Rates

**\$60,000 Base, \$500 Deductible,  
\$100,000 Liability, \$1,000 Medical Payments**

Zones	1-3, 1Y-3Y		4-5, 4Y-5Y		6, 6Y		7,7Y,1N-5N		8, 8Y		6N, 7N		9, 8N		10		11	
	Frame	curve	Frame	curve	Frame	curve	Frame	curve	Frame	curve	Frame	curve	Frame	curve	Frame	curve	Frame	curve
4	724	1	774	1	866	1	964	1	1407	1	1540	1	1540	1	1965	1	1965	1
12	586	1	630	1	705	1	779	1	1156	1	1252	1	1252	1	1630	1	1630	1
13	604	1	653	1	724	1	809	1	1200	1	1300	1	1300	1	1710	1	1710	1
15	524	1	562	1	625	1	699	1	1026	1	1117	1	1117	1	1480	1	1480	1
16	604	1	653	1	724	1	809	1	1200	1	1300	1	1300	1	1710	1	1710	1
18	652	1	694	1	775	1	864	1	1300	1	1400	1	1400	1	1800	1	1800	1
20	724	1	774	1	866	1	964	1	1407	1	1540	1	1540	1	1965	1	1965	1
21	652	1	694	1	775	1	864	1	1300	1	1400	1	1400	1	1800	1	1800	1
23	513	1	549	1	611	1	680	1	1003	1	1087	1	1087	1	1463	1	1463	1
24	563	1	605	1	672	1	753	1	1131	1	1202	1	1202	1	1605	1	1605	1
26	724	1	774	1	866	1	964	1	1407	1	1540	1	1540	1	1965	1	1965	1
28	538	1	577	1	639	1	716	1	1045	1	1135	1	1135	1	1480	1	1480	1
29	724	1	774	1	866	1	964	1	1407	1	1540	1	1540	1	1965	1	1965	1
31	623	1	669	1	745	1	837	1	1225	1	1330	1	1330	1	1700	1	1700	1
32	835	1	897	1	996	1	1110	1	1626	1	1774	1	1774	1	2225	1	2225	1
34	623	1	669	1	745	1	837	1	1225	1	1330	1	1330	1	1700	1	1700	1
35	674	1	722	1	803	1	900	1	1315	1	1425	1	1425	1	1838	1	1838	1
36	550	1	588	1	653	1	730	1	1065	1	1155	1	1155	1	1536	1	1536	1
38	696	1	744	1	831	1	929	1	1353	1	1472	1	1472	1	1875	1	1875	1
40	623	1	669	1	745	1	837	1	1225	1	1330	1	1330	1	1700	1	1700	1
41	623	1	669	1	745	1	837	1	1225	1	1330	1	1330	1	1700	1	1700	1
44	652	1	694	1	775	1	864	1	1300	1	1400	1	1400	1	1800	1	1800	1
45	696	1	744	1	831	1	929	1	1353	1	1472	1	1472	1	1875	1	1875	1
48	538	1	577	1	639	1	716	1	1045	1	1135	1	1135	1	1480	1	1480	1
49	550	1	588	1	653	1	730	1	1065	1	1155	1	1155	1	1536	1	1536	1
50	586	1	630	1	705	1	779	1	1156	1	1252	1	1252	1	1630	1	1630	1
51	563	1	605	1	672	1	753	1	1131	1	1202	1	1202	1	1605	1	1605	1
53	674	1	722	1	803	1	900	1	1315	1	1425	1	1425	1	1838	1	1838	1
55	586	1	630	1	705	1	779	1	1156	1	1252	1	1252	1	1630	1	1630	1
57	538	1	577	1	639	1	716	1	1045	1	1135	1	1135	1	1480	1	1480	1
58	524	1	562	1	625	1	699	1	1026	1	1117	1	1117	1	1480	1	1480	1
62	586	1	630	1	705	1	779	1	1156	1	1252	1	1252	1	1630	1	1630	1
68	623	1	669	1	745	1	837	1	1225	1	1330	1	1330	1	1700	1	1700	1
75	563	1	605	1	672	1	753	1	1131	1	1202	1	1202	1	1605	1	1605	1
77	513	1	549	1	611	1	680	1	1003	1	1087	1	1087	1	1463	1	1463	1
78	623	1	669	1	745	1	837	1	1225	1	1330	1	1330	1	1700	1	1700	1
79	623	1	669	1	745	1	837	1	1225	1	1330	1	1330	1	1700	1	1700	1
87	524	1	562	1	625	1	699	1	1026	1	1117	1	1117	1	1480	1	1480	1
88	550	1	588	1	653	1	730	1	1065	1	1155	1	1155	1	1536	1	1536	1
91	674	1	722	1	803	1	900	1	1315	1	1425	1	1425	1	1838	1	1838	1
95	623	1	669	1	745	1	837	1	1225	1	1330	1	1330	1	1700	1	1700	1

FOR FORM 3 WITH RENOVATION COST B-639-B (REPAIR COST ON ROOF), MULTIPLY THE PREMIUM BY 1.20.

# Arkansas Homeowners Form 3

## Amount of Insurance

\$60,000 Base, \$500 Deductible, \$100,000 Liability, \$1,000 Medical Payments

Amount Insured	Curve 1	Curve 2					
0 - 5000	0.523						
10,000	0.566						
15,000	0.610						
20,000	0.653						
25,000	0.697						
30,000	0.740						
32,000	0.757						
34,000	0.775						
36,000	0.792						
38,000	0.810						
40,000	0.827						
42,000	0.844						
44,000	0.862						
46,000	0.879						
48,000	0.897						
50,000	0.914						
52,000	0.931						
54,000	0.948						
56,000	0.966						
58,000	0.983						
60,000	1.000						
62,000	1.023						
64,000	1.046						
66,000	1.068						
68,000	1.091						
70,000	1.114						
75,000	1.171						
80,000	1.227						
85,000	1.292						
90,000	1.357						
95,000	1.422						
100,000	1.487						
110,000	1.615						
120,000	1.743						
130,000	1.871						
140,000	1.999						
150,000	2.127						
160,000	2.250						
170,000	2.374						
180,000	2.472						
190,000	2.582						
200,000	2.689						
225,000	2.910						
250,000	3.197						
For Each Additional 1,000 Add:	0.0115						

<i>SERFF Tracking Number:</i>	<i>SHEL-125876831</i>	<i>State:</i>	<i>Arkansas</i>
<i>Filing Company:</i>	<i>Shelter Mutual Insurance Company</i>	<i>State Tracking Number:</i>	<i>#1382346 \$100</i>
<i>Company Tracking Number:</i>	<i>03M20408</i>		
<i>TOI:</i>	<i>04.0 Homeowners</i>	<i>Sub-TOI:</i>	<i>04.0000 Homeowners Sub-TOI Combinations</i>
<i>Product Name:</i>	<i>HO</i>		
<i>Project Name/Number:</i>	<i>Lammers/</i>		

## Supporting Document Schedules

<b>Satisfied -Name:</b>	H-1 Homeowners Abstract	<b>Review Status:</b>	
		Filed	10/31/2008
<b>Comments:</b>			
Please see attachment.			
<b>Attachment:</b>			
AR Form H1.pdf			

<b>Satisfied -Name:</b>	HPCS-Homeowners Premium Comparison Survey	<b>Review Status:</b>	
		Filed	10/31/2008
<b>Comments:</b>			
Please see attachment.			
<b>Attachment:</b>			
AR HPCS.pdf			

<b>Satisfied -Name:</b>	NAIC loss cost data entry document	<b>Review Status:</b>	
		Filed	10/31/2008
<b>Comments:</b>			
Please see attachment.			
<b>Attachment:</b>			
AR HO RF1.pdf			

<b>Satisfied -Name:</b>	Uniform Transmittal Document- Property & Casualty	<b>Review Status:</b>	
		Filed	10/31/2008
<b>Comments:</b>			
Please see attachment.			
<b>Attachments:</b>			
AR HO Transmittal.pdf			
AR HO Rate-Rule Filing.pdf			

<b>Satisfied -Name:</b>	Explanatory Memorandum	<b>Review Status:</b>	
		Filed	10/31/2008

<i>SERFF Tracking Number:</i>	<i>SHEL-125876831</i>	<i>State:</i>	<i>Arkansas</i>
<i>Filing Company:</i>	<i>Shelter Mutual Insurance Company</i>	<i>State Tracking Number:</i>	<i>#1382346 \$100</i>
<i>Company Tracking Number:</i>	<i>03M20408</i>		
<i>TOI:</i>	<i>04.0 Homeowners</i>	<i>Sub-TOI:</i>	<i>04.0000 Homeowners Sub-TOI Combinations</i>
<i>Product Name:</i>	<i>HO</i>		
<i>Project Name/Number:</i>	<i>Lammers/</i>		

**Comments:**

Please see attachment.

**Attachment:**

AR HO Explanatory Memo.pdf

<i>SERFF Tracking Number:</i>	<i>SHEL-125876831</i>	<i>State:</i>	<i>Arkansas</i>
<i>Filing Company:</i>	<i>Shelter Mutual Insurance Company</i>	<i>State Tracking Number:</i>	<i>#1382346 \$100</i>
<i>Company Tracking Number:</i>	<i>03M20408</i>		
<i>TOI:</i>	<i>04.0 Homeowners</i>	<i>Sub-TOI:</i>	<i>04.0000 Homeowners Sub-TOI Combinations</i>
<i>Product Name:</i>	<i>HO</i>		
<i>Project Name/Number:</i>	<i>Lammers/</i>		

<b>Satisfied -Name:</b>	Loss Experience	<b>Review Status:</b>	
		Filed	10/31/2008

**Comments:**

Please see attachments.

**Attachments:**

HO Explanation of Exhibits.pdf

Exhibits 1 thru 12 .pdf

<b>Satisfied -Name:</b>	Claims Surcharge Comparison	<b>Review Status:</b>	
		Filed	10/31/2008

**Comments:**

Please see attachment.

**Attachment:**

Claim Surcharge Comparison.pdf

# ARKANSAS INSURANCE DEPARTMENT

## FORM H-1 HOMEOWNERS ABSTRACT

INSTRUCTIONS: All questions must be answered. If the answer is "none" or "not applicable", so state. If all questions are not answered, the filing will not be accepted for review by the Department. Use a separate abstract for each company if filing for a group. Subsequent homeowners rate/rule submissions that do not alter the information contained herein need not include this form.

Company Name Shelter Mutual Insurance Company

NAIC # (including group #) NAIC #23388, Group #123

1. If you have had an insurance to value campaign during the experience filing period, describe the campaign and estimate its impact.  
Not Applicable
2. If you use a cost estimator (or some similar method) in order to make sure that dwellings (or contents) are insured at their value, state when this program was started in Arkansas and estimate its impact.  
Please see additional information attached.
3. If you require a minimum relationship between the amount of insurance to be written and the replacement value of the dwelling (contents) in order to purchase insurance, describe the procedures that are used.  
Please see additional information attached.
4. If you use an Inflation Guard form or similar type of coverage, describe the coverage(s) and estimate the impact.  
Please see additional information attached.

5. Specify the percentage given for credit or discounts for the following:

a. Fire Extinguisher	<u>0</u>	%
b. Burglar Alarm	<u>2</u>	%
c. Smoke Alarm	<u>2</u>	%
d. Insured who has both homeowners and auto with your company	<u>20</u>	%
e. Deadbolt Locks	<u>0</u>	%
f. Window or Door Locks	<u>0</u>	%
g. Other (specify)		%
Complete Home Burglar alarm	<u>5</u>	%
Fire or Burglar alarm reporting to station.	<u>5</u>	%

6. Are there any areas in the State of Arkansas in which your company will not write homeowners insurance? If so, state the areas and explain reason for not writing.  
No

7. Specify the form(s) utilized in writing homeowners insurance. Indicate the Arkansas premium volume for each form.

Form	Premium Volume
HO-3	\$ 36,926,418
<u>HO-4 &amp; HO-6</u>	<u>552,752</u>

8. Do you write homeowner risks which have aluminum, steel or vinyl siding? ☒ Yes ☐ No

9. Is there a surcharge on risks with wood heat? Rather than a surcharge, premiums in protection Classes 8Y, 6N-8N, 8, 9, 10 & 11 reflect the added exposure due to the use of solid fuel heating. Policyholders in these protection classes who have no type of solid fuel heating devices are given a credit of 15%

If yes, state the surcharge See above.

Does the surcharge apply to conventional fire places? No

If yes, state the surcharge Not Applicable

THE INFORMATION PROVIDED IS CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Brian Marcks

\_\_\_\_\_  
Printed Name

\_\_\_\_\_  
Coordinator of Insurance Dept. Affairs

\_\_\_\_\_  
Title

\_\_\_\_\_  
573-214-4165

\_\_\_\_\_  
Telephone Number

\_\_\_\_\_  
bcmarcks@shelterinsurance.com

\_\_\_\_\_  
Email Address

The following are answers to questions one through four of Form H-1, Homeowners Abstract:

2. We have used cost estimators in Arkansas since 6/1/1979. We converted from the Boeckh cost estimator system to the Marshall & Swift cost estimator system on 3/1/2001. We now use the Boeckh/Marshall & Swift cost estimator system as Boeckh merged with Marshall & Swift.
3. For an HO-3 with the Expanded Restoration Cost endorsement, we require the amount of insurance to be at least 100% of restoration cost. For an HO-3 with Modified Renovation Cost endorsement attached, we require the amount of insurance to be at least 100% of market value. For an HO-3 without the Expanded Restoration Cost endorsement or the Modified Renovation Cost endorsement, we require the amount of insurance to be at least 100% of restoration cost.
4. We have a mandatory annual amount of insurance rollup for HO-3s, based on construction cost indices. Our policy size trending procedure accounts for the additional premium expected to be generated by our rollup programs.



NAIC Number:	23388	<b>Homeowners Premium Comparison Survey Form</b> <b>FORM HPCS – last modified August, 2005</b>	<b>Submit to:</b> Arkansas Insurance Department 1200 West Third Street Little Rock, AR 72201-1904  <b>Telephone:</b> 501-371-2800 Email as an attachment to <a href="mailto:insurance.pnc@arkansas.gov">insurance.pnc@arkansas.gov</a> You may also attach to a SERFF filing or submit on a cdr disk
Company Name:	Shelter Mutual Insurance		
Contact Person:	Brian Marcks		
Telephone No.:	573-214-4165		
Email Address:	bmarcks@shelterinsurance.com		
Effective Date:	01/14/2009	<b>USE THE APPROPRIATE FORM BELOW – IF NOT APPLICABLE,          LEAVE BLANK</b>	

Survey Form for HO3 (Homeowners) – Use \$500 Flat Deductible (Covers risk of direct physical loss for dwelling and other structures; named perils for personal property, replacement cost on dwelling, actual cash value on personal property)																			
Public Protection Class	Dwelling Value	Washington		Baxter		Craighead		St. Francis		Desha		Union		Miller		Sebastian		Pulaski	
		Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame
3	\$80,000	614	675	589	643	653	719	811	888	725	800	811	888	811	888	751	827	696	764
	\$120,000	872	959	837	913	927	1021	1152	1262	1030	1136	1152	1262	1152	1262	1067	1175	988	1086
	\$160,000	1125	1238	1080	1179	1197	1319	1487	1629	1330	1467	1487	1629	1487	1629	1377	1517	1276	1402
6	\$80,000	721	801	690	767	773	865	950	1063	852	951	950	1063	950	1063	886	985	821	914
	\$120,000	1025	1138	980	1089	1098	1229	1349	1509	1210	1351	1349	1509	1349	1509	1258	1400	1166	1299
	\$160,000	1323	1469	1265	1406	1418	1586	1742	1949	1562	1744	1742	1949	1742	1949	1625	1807	1505	1676
9	\$80,000	1209	1417	1166	1371	1307	1536	1607	1890	1472	1718	1607	1890	1607	1890	1480	1748	1387	1632
	\$120,000	1717	2013	1656	1947	1856	2182	2283	2684	2092	2440	2283	2684	2283	2684	2102	2484	1970	2318
	\$160,000	2216	2599	2138	2513	2396	2817	2948	3465	2700	3150	2948	3465	2948	3465	2714	3206	2543	2993

Survey Form for HO4 (Renters) – Use \$500 Flat Deductible (Named perils for personal property, actual cash value for loss, liability and medical payments for others included)																			
Public Protection Class	Property Value	Washington		Baxter		Craighead		St. Francis		Arkansas		Union		Miller		Sebastian		Pulaski	
		Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame
3	\$5,000	54	54	54	54	54	54	54	54	54	54	54	54	54	54	54	54	54	54
	\$15,000	96	96	96	96	96	96	96	96	96	96	96	96	96	96	96	96	96	96
	\$25,000	131	131	131	131	131	131	131	131	131	131	131	131	131	131	131	131	131	131
6	\$5,000	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60
	\$15,000	106	106	106	106	106	106	106	106	106	106	106	106	106	106	106	106	106	106
	\$25,000	145	145	145	145	145	145	145	145	145	145	145	145	145	145	145	145	145	145
9	\$5,000	104	104	104	104	104	104	104	104	104	104	104	104	104	104	104	104	104	104
	\$15,000	185	185	185	185	185	185	185	185	185	185	185	185	185	185	185	185	185	185
	\$25,000	253	253	253	253	253	253	253	253	253	253	253	253	253	253	253	253	253	253

Survey Form for DP-2 (Dwelling/Fire) – Use \$500 Flat Deductible (Named perils for dwelling and personal property, replacement cost for dwelling, actual cash value for personal property, no liability coverage)																			
Public Protection Class	Dwelling Value	Washington		Baxter		Craighead		St. Francis		Arkansas		Union		Miller		Sebastian		Pulaski	
		Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame
3	\$80,000																		
	\$120,000																		
	\$160,000																		
6	\$80,000																		
	\$120,000																		
	\$160,000																		
9	\$80,000																		
	\$120,000																		
	\$160,000																		

<b>SPECIFY THE PERCENTAGE GIVEN FOR CREDITS OR DISCOUNTS FOR THE FOLLOWING:</b> <b>HO3 and HO4 only</b>										<b>EARTHQUAKE INSURANCE</b> IMPORTANT, homeowners insurance does NOT automatically cover losses from earthquakes. Ask your agent about this coverage									
Fire Extinguisher	N/A	%	Deadbolt Lock	N/A	%	ARE YOU CURRENTLY WRITING EARTHQUAKE COVERAGE IN ARKANSAS?				Yes	(yes or no)								
Burglar Alarm	5	%	Window Locks	N/A	%	WHAT IS YOUR PERCENTAGE DEDUCTIBLE?				5-25	%								
Smoke Alarm	2	%	\$1,000 Deductible	38	%														
			Other (specify)		%														
			* See Manual Pages GR-8, 9, & 29 attached.		%	WHAT IS YOUR PRICE PER \$1,000 OF COVERAGE?				Zone Highest Risk		\$	2.44	Brick		\$	1.72	Frame	
			Maximum Credit Allowed	48	%					Lowest Risk		\$	.80			\$	.49		

#### 4. DEDUCTIBLES

**All Homeowners forms** contain a Loss Deductible Clause applicable to loss under Section I of the policy. The Loss Deductible Clause **DOES NOT** apply to losses under Coverage D or Fire Department Charges. This clause applies to each occurrence. The company is liable only for the amount of loss in excess of the deductible.

**Form 3 ONLY:** An optional 1% or 2% (of Coverage A amount) Wind or Hail deductible (B-636-B) is available. The deductible amount applicable to Wind or Hail losses will be the **greater** of 1% or 2% (of Coverage A amount) or the base deductible.

The Base Rate pages reflect a \$500 deductible. Other deductible options may be calculated using the adjustments listed below against the \$500 premium.

**Forms 4 and 6 ONLY:** The Base Rate pages reflect a \$250 deductible. Other deductible options may be calculated using the adjustments listed below against the \$250 premium.

Non-Wind/Hail Deductibles	Form 3 - Wind/Hail Deductibles			Forms 4 & 6
	None	1%	2%	None
<b># 50</b>	1.47	1.33	1.19	1.31
<b># 100</b>	1.39	1.27	1.13	1.16
<b># 250</b>	1.12	1.05	.97	1.00
500	1.00	.95	.88	0.82
750	.91	.88	.83	0.71
1,000	.83	.81	.77	0.62
1,500	.76	.74	.72	0.60
2,000	.70	.69	.67	0.59
2,500	.67	.66	.65	0.57
5,000	.62	.61	.60	0.52

**# Available only to Form 3 policies originally written before 08-25-2004 with a \$50, \$100 or \$250 all peril deductible and to Form 4 & 6 policies written before 08-25-2004 with a \$50 or \$100 all peril deductible.**

The deductible factors shown for Forms 4 & 6 above are used to calculate the basic premium only. Form 3 deductible factors should be used to adjust supplemental rates for all forms where deductible applies.

## 5. PREMIUM ADJUSTMENTS

Apply adjustments according to the Premium Determination Chart.

### a. **New Home Under Construction Discount (Form 3, Primary & Secondary Dwellings) (B-748-B)**

When a policy is written on a home under construction, the "Under Construction" discount will apply for the first year. To qualify for this discount, coverage must be written when construction begins. Homes which qualify for this discount shall receive a **40% premium credit** for one year.

After the first year of coverage, the "New Home" discount schedule will be applied, beginning with the "Current Calendar Year" discount.

DO NOT APPLY b. OR c. BELOW WHILE THE "UNDER CONSTRUCTION" DISCOUNT APPLIES.

### b. **Protective Devices Credit (All Forms, Primary & Secondary Dwellings)**

A credit is allowed for an approved, properly installed and properly maintained alarm system in the dwelling. There must be at least one fire or smoke alarm on each level of the dwelling, dead bolt locks on all exterior doors, and all accessible doors and windows must be covered by a "Complete Home Burglar Alarm" if credit is given for any of these items. No combination of credits other than those listed are allowed.

The appropriate letter (A, B, C, etc.) and the corresponding percent credit are to be shown on the application.

<u>Letter</u>	<u>Description</u>	<u>% Credit</u>
A	Ultrasonic Home Burglar Alarm	2%
B	Fire or Smoke Home Alarm	2%
C	Both "A" and "B" above	4%
D	Complete Home Burglar Alarm	5%
E	Both "B" and "D" above	5%
F	Fire or Smoke Alarm, Deadbolt Locks, and Fire Extinguisher	5%
G	Both "A" and "F" above	5%
H	Both "D" and "F" above	5%
I	Fire or Burglar Alarm Reporting to Fire, Police or other recognized central station	5%
J	"I" above plus Deadbolt Locks and Fire Extinguisher	5%

**(Do not apply while the policy is receiving the "Under Construction" discount.)**

**9. EARTHQUAKE COVERAGE (B-422-B)**

Coverage for the peril of earthquake may be provided by endorsement. This coverage will apply to all Section I coverages for the same limits as provided under the policy. The deductible for the Earthquake Damage Assumption Endorsement is based on a percent of the amount of insurance for each coverage and is applied separately to each coverage.

## Earthquake Coverage - Rates per \$1,000

Zone	Frame				All Other			
	3	4	5	6	3	4	5	6

**5% Deductible**Basic Limits (Apply to Amount Written)

Cov. A (Form 3)	1.72	.82	.66	.58	2.44	1.32	1.04	.94
Cov. C (Form 4,6)	1.12	.58	.48	.42	1.12	.58	.48	.42

Increased/Added Limits (Apply to Amount of Increase or Coverage Added)

Building Prop. (Form 6)	1.72	.82	.66	.58	1.72	.82	.66	.58
Other Structures (Form 3)	1.72	.82	.66	.58	2.44	1.32	1.04	.94
Personal Prop. (Form 3)	1.12	.58	.48	.42	1.12	.58	.48	.42
ALE/Loss of Rents (All Forms)	1.72	.82	.66	.58	2.44	1.32	1.04	.94
Loss Assessment (All Forms)	1.72	.82	.66	.58	2.44	1.32	1.04	.94

**10% Deductible**Basic Limits (Apply to Amount Written)

Cov. A (Form 3)	1.28	.62	.46	.40	1.80	.98	.78	.72
Cov. C (Forms 4,6)	.88	.44	.34	.28	.88	.44	.34	.28

Increased/Added Limits (Apply to Amount of Increase or Coverage Added)

Building Prop. (Form 6)	1.28	.62	.46	.40	1.28	.62	.46	.40
Other Structures (Form 3)	1.28	.62	.46	.40	1.80	.98	.78	.72
Personal Prop. (Form 3)	.88	.44	.34	.28	.88	.44	.34	.28
ALE/Loss of Rents (All Forms)	1.28	.62	.46	.40	1.80	.98	.78	.72
Loss Assessment (All Forms)	1.28	.62	.46	.40	1.80	.98	.78	.72

**Higher Deductible Options** - Apply the applicable factor to the 10% deductible rates.

<u>Deductible</u>	<u>Factor</u>
15%	.95
20%	.90
25%	.85

ZONE 3 --	*Clay, *Craighead, *Crittenden, *Cross, *Greene, *Jackson, *Lee, *Mississippi, *Poinsett and *St. Francis Counties.
ZONE 4 --	*Arkansas, *Independence, *Lawrence, *Monroe, *Phillips, *Prairie, *Randolph, *Sharp, *White and *Woodruff Counties.
ZONE 5 --	Baxter, Cleburne, Conway, Desha, Faulkner, Fulton, Izard, Jefferson, Little River, Lonoke, Marion, Pulaski, Searcy, Sebastian and Stone Counties.
ZONE 6 --	Remainder of State.

**\*Property located in these counties MUST be written with a minimum Earthquake deductible of 15%.**

**FORM RF-1 Rate Filing Abstract NAIC LOSS COST DATA ENTRY DOCUMENT**

<b>1.</b>	This filing transmittal is part of Company Tracking #	03M20408
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<b>2.</b>	If filing is an adoption of an advisory organization loss cost filing, give name of Advisory Organization and Reference/Item Filing Number	N/A
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Company Name		Company NAIC Number	
<b>3.</b>	<b>A.</b> Shelter Mutual Insurance Company	<b>B.</b>	23388

Product Coding Matrix Line of Business (i.e., Type of Insurance)		Product Coding Matrix Line of Business (i.e., Sub-type of Insurance)	
<b>4.</b>	<b>A.</b> Shelter Mutual Homeowners	<b>B.</b>	Homeowners

(A) COVERAGE (See Instructions)	(B) Indicated % Rate Level Change	(C) Requested % Rate Level Change	(D) Expected Loss Ratio	FOR LOSS COSTS ONLY			
				(E) Loss Cost Modification Factor	(F) Selected Loss Cost Multiplier	(G) Expense Constant (If Applicable)	(H) Co. Current Loss Cost Multiplier
Homeowners	+9.7	+8.9	64.1	N/A	N/A	N/A	N/A
TOTAL OVERALL EFFECT							

6. 5 Year History Rate Change History								7.	
Year	Policy Count	% of Change	Effective Date	State Earned Premium (000)	Incurred Losses (000)	State Loss Ratio	Countrywide Loss Ratio	Expense Constants	Selected Provisions
2003	41,635	+15.1	4/18/2002	33,759	19,690	58.3	83.6	A. Total Production Expense	18.6
2004	43,025	+12.9	11/28/2002	36,290	18,129	50.0	52.4	B. General Expense	7.1
2005	44,567	+3.4	8/25/2004	38,234	15,552	40.7	99.5	C. Taxes, Licenses & Fees	3.0
2006	45,776	-0.4	04/20/2007	39,653	24,814	62.6	74.8	D. Underwriting Profit & Contingencies	7.2
2007	46,997			41,234	13,511	32.8	48.6	E. Other (explain)	
								F. TOTAL	35.9

- 8.** N/A Apply Loss Cost Factors to Future filings? (Y or N)  
**9.** +18.3 Estimated Maximum Rate Increase for any Insured (%) Territory (if applicable): 87  
**10.** -18.2 Estimated Maximum Rate Decrease for any Insured (%) Territory (if applicable): 26

# Property & Casualty Transmittal Document

<b>1. Reserved for Insurance Dept. Use Only</b>		<b>2. Insurance Department Use only</b>				
		a. Date the filing is received:				
		b. Analyst:				
		c. Disposition:				
		d. Date of disposition of the filing:				
		e. Effective date of filing:				
		New Business				
		Renewal Business				
		f. State Filing #:				
g. SERFF Filing #:						
h. Subject Codes						
<b>3. Group Name</b> Shelter Insurance Companies		<b>Group NAIC #</b> 123				
<b>4. Company Name(s)</b> Shelter Mutual Insurance Company	<b>Domicile</b> MO	<b>NAIC #</b> 23388	<b>FEIN #</b> 43-0613000	<b>State #</b> 		
<b>5. Company Tracking Number</b> 03M20408						
<b>Contact Info of Filer(s) or Corporate Officer(s)</b> [include toll-free number]						
<b>6. Name and address</b> Brian Marcks 1817 West Broadway Columbia, MO. 65218	<b>Title</b> Coordinator of Insurance Dept. Affairs	<b>Telephone #s</b> 573-214-4165	<b>FAX #</b> 573-446-7317	<b>e-mail</b> bcmarcks @shelterinsurance.com		
<b>7. Signature of authorized filer</b>						
<b>8. Please print name of authorized filer</b>		Brian Marcks				
<b>Filing information</b> (see General Instructions for descriptions of these fields)						
<b>9. Type of Insurance (TOI)</b>	04.0					
<b>10. Sub-Type of Insurance (Sub-TOI)</b>	04.0000					
<b>11. State Specific Product code(s)(if applicable)[See State Specific Requirements]</b>	N/A					
<b>12. Company Program Title</b> (Marketing title)	Homeowners					
<b>13. Filing Type</b>	<input type="checkbox"/> Rate/Loss Cost <input type="checkbox"/> Rules <input checked="" type="checkbox"/> Rates/Rules <input type="checkbox"/> Forms <input type="checkbox"/> Combination Rates/Rules/Forms <input type="checkbox"/> Withdrawal <input type="checkbox"/> Other (give description)					
<b>14. Effective Date(s) Requested</b>	New: 01/14/2009	Renewal: 01/14/2009				

**Property & Casualty Transmittal Document---**

<b>15.</b>	<b>Reference Filing?</b>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
<b>16.</b>	<b>Reference Organization</b> (if applicable)	N/A
<b>17.</b>	<b>Reference Organization # &amp; Title</b>	N/A
<b>18.</b>	<b>Company's Date of Filing</b>	October 29, 2008
<b>19.</b>	<b>Status of filing in domicile</b>	<input type="checkbox"/> Not Filed <input checked="" type="checkbox"/> Pending <input type="checkbox"/> Authorized <input type="checkbox"/> Disapproved

<b>20.</b>	<b>This filing transmittal is part of Company Tracking #</b>	03M20408
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<b>21.</b>	<b>Filing Description</b> [This area can be used in lieu of a cover letter or filing memorandum and is free-form text]
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Base rates have been revised for Form HO-3. Amount of Insurance Relativities were reduced to one for Form HO-3. Claim Surcharge factors were revised for one and two Non-Weather claims. The overall change in revenue with this filing is +8.9% for \$3,191,705.

<b>22.</b>	<b>Filing Fees</b> (Filer must provide check # and fee amount if applicable) [If a state requires you to show how you calculated your filing fees, place that calculation below]
<p><b>Check #:</b> 1382346  <b>Amount:</b> \$100.00</p> <p><b>Refer to each state's checklist for additional state specific requirements or instructions on calculating fees.</b></p>	

\*\*\*Refer to each state's checklist for additional state specific requirements (i.e. # of additional copies required, other state specific forms, etc.)

## **These pages are informational only and do not need to be submitted with your filings!**

### **Notes for Uniform Property & Casualty Transmittal Document**

#### **DESCRIPTION OF ITEMS IN THE PROPERTY AND CASUALTY TRANSMITTAL DOCUMENT**

- 1. Reserved for Insurance Dept. Use Only**—this section is for anything the Dept. wishes to capture—such as date stamps, approval stamps, check routing numbers, accounting codes, etc.
- 2. Insurance Department Use Only Box:** Includes the following information: (It is up to the state to determine which, if any, of this info they wish to record—or it may be recorded in #1 box with stamps (for example))
  - a. Date the filing is received by the Insurance Dept.**
  - b. Analyst**—lead analyst who reviewed the filing and assigns final disposition
  - c. Disposition**—this is the disposition that the Dept. assigns—authorized, approved, filed, withdrawn, disapproved, informational only, etc.
  - d. Date of Disposition of the filing**—date filing is finished
  - e. Effective Date of the Filing**—date the filing goes into effect. This date may vary by state—it might be the “approval” date in some states. It might be the implementation date in some states. It might be the received date in some states. The Dept. should use the date that is applicable in their state.
  - f. State Filing #:** The number the state assigns to the filing (if applicable).
  - g. SERFF Filing #:** Some states may use SERFF to track paper filings and will use that SERFF assigned number.
  - h. Subject Codes** – This field is intended to capture one or more Subject Codes for states to track particular attributes of a filing, such as mold exclusions. The codes or terms used would be variable by state.
- 3. Group Name and Group NAIC #** as assigned by NAIC.
- 4. Company Name(s), State of Domicile, NAIC #, FEIN#, State #:** Every company to which this filing applies must be listed and the company information must be supplied, with the exception of the State # (the company specific code) if not available or not required by the filing jurisdiction. A filing that lists a group without supplying company info will not be accepted in most states.
- 5. Company Tracking Number:** The filing number assigned by the insurance company, if any.
- 6. Contact Info of Filer or Corporate Officer:** The company should supply the information on the person the state should contact if there is a question/problem with the filing. If there is more than one person (perhaps, one for rates, one for forms) then both should be listed.
- 7. Signature of authorized filer:** Some states require a signature of the authorized filer. If the filer is third party, a letter of authorization from the insurer must be submitted according to state requirements.
- 8. Please print name of authorized filer:** So we can decipher #7 above!
- 9. Type of Insurance (TOI):** Refer to Uniform Property & Casualty Product Coding Matrix. This corresponds to the column entitled “SERFF Type of Insurance” and roughly corresponds to the annual statement line of business.
- 10. Sub-type of Insurance (Sub-TOI):** Refer to Uniform Property & Casualty Product Coding Matrix). This corresponds to the column entitled “SERFF Sub-Type of Insurance”.
- 11. State Specific Product code(s):** See State Specific Requirements for these codes
- 12. Company Program Title:** Marketing title, if applicable.
- 13. Filing Type:** Choices are Rate/Loss Cost; Rules; Rates/Rules; Forms; Withdrawal; Other.



**14. Effective Date Requested:** This is the effective date the company requested when they made the filing. It is not necessarily the date the filing officially becomes effective. This is also where the company can indicate the different effective dates for new or renewal business.

**15. Reference Filing:** Yes/No

**16. Reference Organization (if applicable):** The name of the advisory organization—i.e. ISO, NCCI, AAIS, etc. or an Insurance Company name if “me too filing” is permitted. Some states allow companies to reference another company’s filing. A “me too” filing is when one company adopts another company’s filing. Usually they are not part of the same group. You should check with each state to determine their rules on these filings. If permitted, use this area to indicate either an advisory organization name or “me too” company name.

**17. Reference Organization Number & Title (if applicable):** This is the unique number that the reference organization gives to the filing. It is generally not the same number as the circular number.

**18. Company’s Date of filing:** The date the company sends the filing.

**19. Status of filing in domicile:** Place for the company to show if filing has been filed in domicile and its status.

**20. This filing transmittal is part of Company Tracking #:** This ties all of the pages of the transmittal to the same filing. It is helpful for the state.

**21. Filing Description:** This area can be used in lieu of a cover letter or filing memorandum and is free-form text.

**22. Filing Fees:** Please refer to each state’s checklist for additional state specific requirements or instructions on calculating fees.

**RATE/RULE FILING SCHEDULE**

(This form must be provided ONLY when making a filing that includes rate-related items such as Rate; Rule; Rate & Rule; Reference; Loss Cost; Loss Cost & Rule or Rate, etc.)

**(Do not refer to the body of the filing for the component/exhibit listing, unless allowed by state.)**

<b>1.</b>	<b>This filing transmittal is part of Company Tracking #</b>	03M20408
<b>2.</b>	<b>This filing corresponds to form filing number</b> (Company tracking number of form filing, if applicable)	N/A

☒ Rate Increase

☐ Rate Decrease

☐ Rate Neutral (0%)

<b>3.</b>	<b>Filing Method (Prior Approval, File &amp; Use, Flex Band, etc.)</b>	File & Use
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<b>4a.</b>	<b>Rate Change by Company (As Proposed)</b>
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Company Name	Overall % Indicated Change (when applicable)	Overall % Rate Impact	Written premium change for this program	# of policyholders affected for this program	Written premium for this program	Maximum % Change (where required)	Minimum % Change (where required)
Shelter Mutual Ins.	+9.7	+8.9%	3,191,705	48,006	37,479,170	+18.3	-18.2

<b>4b.</b>	<b>Rate Change by Company (As Accepted) For State Use Only</b>
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Company Name	Overall % Indicated Change (when applicable)	Overall % Rate Impact	Written premium change for this program	# of policyholders affected for this program	Written premium for this program	Maximum % Change	Minimum % Change

**5. Overall Rate Information (Complete for Multiple Company Filings only)**

		COMPANY USE	STATE USE
<b>5a.</b>	<b>Overall percentage rate indication (when applicable)</b>		
<b>5b.</b>	<b>Overall percentage rate impact for this filing</b>		
<b>5c.</b>	<b>Effect of Rate Filing – Written premium change for this program</b>		
<b>5d.</b>	<b>Effect of Rate Filing – Number of policyholders affected</b>		

<b>6.</b>	<b>Overall percentage of last rate revision</b>	-0.4%
<b>7.</b>	<b>Effective Date of last rate revision</b>	04/20/2007
<b>8.</b>	<b>Filing Method of Last filing (Prior Approval, File &amp; Use, Flex Band, etc.)</b>	File & Use

<b>9.</b>	<b>Rule # or Page # Submitted for Review</b>	<b>Replacement or Withdrawn?</b>	<b>Previous state filing number, if required by state</b>
01	GR-12	<input type="checkbox"/> New <input checked="" type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn	
02	PD-1 thru PD-3	<input type="checkbox"/> New <input checked="" type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn	
03	R-1 thru R-3	<input type="checkbox"/> New <input checked="" type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn	

**SHELTER MUTUAL INSURANCE COMPANY  
ARKANSAS HOMEOWNERS  
Explanatory Memorandum**

**SUMMARY**

Base rates have been revised for Form HO-3. Amount of Insurance Relativities were reduced to one for Form HO-3. Claim Surcharge factors were revised for one and two Non-Weather claims. **The overall change in revenue with this filing is +8.9% for \$3,191,705.**

**GENERAL RULE (GR) PAGES**

**GR-12 5.h. Premium Adjustments – Claim Surcharge** – Factors were revised for one and two Non-Weather claims.

**PREMIUM DETERMINATION CHART (PD) PAGES**

Editorial changes were made to Expanded Restoration Cost - Contents on pages PD-1 thru PD-3.

**BASE RATES**

Base rates were revised for Form HO-3.

**AMOUNT OF INSURANCE RELATIVITIES**

For Form HO-3, we have reduced the number of size relativities to one.

**SHELTER MUTUAL INSURANCE COMPANY  
ARKANSAS HOMEOWNERS  
EXPLANATION OF STATISTICAL EXHIBITS**

In accordance with Arkansas Regulation 23, Section 6.B., the following exhibits supplement this filing:

RF-1	Rate Filing Abstract
H-1	Homeowners Abstract
HPCS	Comparison of Homeowners Insurance Cost
Exhibit 1	Investment Income Calculation - Homeowners Multiple Peril
Exhibit 2	Underwriting Expenses and Expected Loss Ratio
Exhibit 3	Revenue Summation
Exhibit 4	Credibility
Exhibit 5	Loss Trending
Exhibit 6	Current Rate Levels
Exhibit 7	Policy Size Trending
Exhibit 8	Excess Wind and Hail Losses
Exhibit 9	Accident Year Losses and Claims Count
Exhibit 10	Unallocated Loss Adjustment Expense Factor
Exhibit 11	Arkansas Indicated Statewide Change
Exhibit 12	Revenue Change by Zone

**Exhibit RF-1** displays the Arkansas Rate Filing Abstract (Form RF-1).

**Exhibit H-1** displays the Arkansas Homeowners Abstract (Form H-1).

**Exhibit HPCS** gives a comparison of Homeowners Insurance Cost (Form HPCS).

**Exhibit 1** displays the calculation of the estimate of investment income on net unearned premiums and loss reserves.

**Exhibit 2** displays underwriting expenses for Homeowners Multiple Peril and contains the development of Expected Loss Ratio.

**Exhibit 3** summarizes the expected revenue effect of Homeowners coverages.

**Exhibit 4** displays a credibility table based on a total number of exposure units.

**Exhibit 5** displays the calculation of loss trend factors separately for frequency and severity.

For the purpose of this calculation, a revision effective date of January 1, 2009 was used.

**Exhibit 6** shows the factors necessary to adjust earned premium for rate changes to current.

**Exhibit 7** displays the calculation of policy size trend factors.

For the purpose of this calculation, a revision effective date of January 1, 2009 was used. From our estimate of annual growth in amount of insurance, we project an average size curve factor to one year past the assumed effective date. The premium trend factor is then the change in average size curve factor from the midpoint of each experience year to the projected date. Forms 3 and forms 4 and 6 are then averaged using earned exposures as weights.

**Exhibit 8** displays the calculation of excess wind and hail loss loading and smoothing.

**Exhibit 9** displays the development of ultimate accident year incurred loss and allocated loss adjustment expense and ultimate accident year claim count.

**Exhibit 10** displays the development of the unallocated loss adjustment expense factor.

**Exhibit 11** contains the calculation of the Arkansas Statewide Indicated Change based on the following information:

Line 1 contains the recorded earned premiums without adjustment.

Line 2 contains factors necessary to adjust premiums for all rate changes during the experience period as noted in Exhibit 6.

Line 3 contains factors necessary to adjust premiums to reflect anticipated increases in the amounts of insurance purchased as developed in Exhibit 7.

Line 4 is the adjusted earned premium.

Line 5 displays fiscal accident year incurred losses and allocated loss adjustment expenses as developed in Exhibit 9.

Line 6 displays excess wind and hail loss adjustment amount as developed in Exhibit 8.

Line 7 shows incurred losses adjusted for excess Wind/Hail losses.

Line 8 displays the factors necessary to adjust losses to reflect anticipated changes in loss costs as developed in Exhibit 5.

Line 9 displays the Unallocated Loss Adjustment Expense Factor as developed in Exhibit 10.

Line 10 represents the adjusted incurred losses and loss adjustment expenses.

Line 11 shows the formula loss ratios for each year.

Line 12 displays the weights assigned to each year of the experience period.

Line 13 is the five-year weighted loss ratio.

Line 14 is the credibility for the experience period based on the table in Exhibit 4.

Line 15 shows the expected loss ratio, labeled "Available for Losses and Loss Adjustment Expense" in Exhibit 2, page 2.

Line 16 shows the trended expected loss ratio.

Line 17 shows the credibility weighted loss ratio with the complement of credibility given to trended expected loss ratio.

Line 18 displays the provision for variable expenses. It is the sum of commission and brokerage expenses, taxes, licenses, and fees, and profit and contingencies from Exhibit 2, page 2.

Line 19 displays the provision for fixed expenses. It is the sum of other acquisition expense and general expense from Exhibit 2, page 2.

Line 20 displays the factor selected to trend fixed expenses. It is based on the trend in the All Items component of the Consumer Price Index.

Line 21 displays the trended provision for fixed expenses. It is line 19 times line 20 raised to the Y power, where Y is the number of years from one year past the last significant rate change to one year past the expected effective date.

Line 22 shows the statewide indicated change with provisions for both variable and fixed expenses.

**Exhibit 12** displays revenue change by zone.

**Shelter Mutual Insurance Company**

**Arkansas**

**Homeowners Multiple Peril**

Calculation of Investment Income Credit on Policyholder Funds

A. Unearned Premium Reserve

(1) Direct Earned Premium for Calendar Year 2007	\$ 41,234,337
(2) Mean Unearned Premium Reserve: (1.) x 0.467	\$ 19,256,435
(3) Deductions for Prepaid Expenses:	
a. Brokerage and Commission	14.3%
b. 50% of Other Acquisition Expense	2.2%
c. 50% of General Expense	3.6%
d. Taxes, Licenses and Fees	3.0%
e. Total	23.1%
(4) Net Unearned Premium Subject to Investment: (2.) x (1 - (3.))	\$ 14,808,199

B. Loss Reserves

1. Direct Earned Premium for Calendar Year 2007	\$ 41,234,337
2. Expected Incurred Loss and Loss Adjustment: (1.) x 0.713	\$ 29,400,082
3. Expected Mean Loss Reserve: (2.) x 0.445	\$ 13,083,036

C. Net Subject to Investment: A.4 + B.3 \$ 27,891,235

D. Average Rate of Return 0.0558

E. Investment Earnings on Net Subject to Investment: C x D \$ 1,556,331

F. Average Rate of Return as a Percent of Direct Premium Earned: E / A.1 3.8%

G. Average Rate of Return as a Percent of Direct Premium Earned  
After Federal Income Tax: F x 0.729 2.8%

Please refer to the attached explanatory memorandum for details by line

Explanatory Memorandum re Investment Income - Arkansas - Homeowners Multiple Peril

Line A.1 - Direct earned premium as shown on page 14 for the State of Arkansas, Homeowners Multiple Peril, for Calendar Year 2007.

Line A.2 - The mean unearned premium reserve is determined by multiplying the direct earned premium in Line A.1 by the mean unearned premium ratio developed below.

1. Direct Earned Premium for Calendar Year 2007	\$ 41,234,337
2. Unearned Premium Reserve as of 12/31/2006	\$ 18,780,117
3. Unearned Premium Reserve as of 12/31/2007	\$ 19,730,116
4. Mean Unearned Premium Reserve: ((2.) + (3.)) / 2	\$ 19,255,116
5. Mean Unearned Premium Ratio: (4.) / (1.)	0.467

Line A.3 - Production and half of other company expenses are incurred with the initial writing and processing of insurance policies, exclusive of claim adjustment expenses. As these expenses are in effect prepaid, the funds will not be available to invest on behalf of the policyholder. The deduction for these expenses is determined by use of the provisions for expenses used in our ratemaking procedures as shown.

Line B.2 - The expected loss and loss adjustment ratio reflects expense provisions used in this filing with no provision for profit.

Line B.3 - The expected mean loss reserve is determined by multiplying the expected incurred loss in Line B.2 by the mean loss and loss adjustment reserve ratio as shown below.

1. Incurred Losses for Calendar Year 2006	\$ 24,814,367
2. Incurred Losses for Calendar Year 2007	\$ 13,510,759
3. Loss Reserves as of 12/31/2005	\$ 8,357,888
4. Loss Reserves as of 12/31/2006	\$ 7,966,252
5. Loss Reserves as of 12/31/2007	\$ 7,160,424
6. Mean Loss Reserve 2006	\$ 8,162,070
7. Mean Loss Reserve 2007	\$ 7,563,338
8. 2006 Ratio: (6.) / (1.)	0.329
9. 2007 Ratio: (7.) / (2.)	0.560
10. Mean Ratio: ((8.) + (9.)) / 2	0.445

Explanatory Memorandum re Investment Income - Continued

- Line D - The rate of return is the ratio of Net Income Earned and Net Realized Capital Gains/Losses to Mean Cash and Invested Assets. Due to the inherent variability of Capital Gains/Losses, we have used the most recent ten years of data. All data shown below is from the annual statement

1. Cash and Invested Assets 2005	\$	1,907,698,593
2. Cash and Invested Assets 2006	\$	2,065,958,870
3. Cash and Invested Assets 2007	\$	2,323,262,763
4. Net Investment Income Earned 2006	\$	75,177,951
5. Net Investment Income Earned 2007	\$	89,685,586
6. Mean Cash and Invested Assets 2006: (2. + 3.) / 2	\$	1,986,828,732
7. Mean Cash and Invested Assets 2007: (2. + 3.) / 2	\$	2,194,610,817
8. Mean Rate of Return: (4. + 5.) / (6. + 7.)		0.0394
9. Mean Cash and Invested Assets 1998 - 2007	\$	16,308,604,600
10. Net Realized Capital Gains/Losses 1998 - 2007	\$	267,517,475
11. Mean Rate of Return: 10. / 9.		0.0164
12. Total Rate of Return: 8. + 11.		0.0558

- Line G - The average rate of Federal Income Tax was determined by applying the expected average tax rate for Net Investment Income and the expected tax rate applicable to Net Realized Capital Gains/Losses to the rates of return calculated in Line D.

	Rate of Return	Federal Tax Rate
Net Investment Income Earned	0.0394	0.238 (A)
Net Realized Capital Gains/Losses	0.0164	0.350
Total	0.0558	0.271

- (A) The expected average rate of Federal Income Tax on Net Investment Income was determined by applying the expected 2008 tax rates to the distribution of investment income earned for the years 2006 and 2007. The calculations are shown below:

Type of Investment	Net Income Earned (1)			Tax Rate	Federal Tax
	2006	2007	Total		
Bonds (Taxable)	\$ 27,357,731	\$ 30,437,464	\$ 57,795,195	0.350	\$ 20,228,318
Bonds (Tax Exempt)	\$ 26,700,858	\$ 26,516,804	\$ 53,217,662	0.053	\$ 2,820,536
Stocks	\$ 8,430,770	\$ 10,852,003	\$ 19,282,773	0.210	\$ 4,049,382
Short Term	\$ 3,788,433	\$ 3,453,930	\$ 7,242,363	0.350	\$ 2,534,827
Real Estate	\$ 2,855,757	\$ 2,122,960	\$ 4,978,717	0.350	\$ 1,742,551
Other Investments	\$ 6,044,402	\$ 16,302,425	\$ 22,346,827	0.350	\$ 7,821,389
Total	\$ 75,177,951	\$ 89,685,586	\$ 164,863,537	0.238	\$ 39,197,003

- (1) Investment deductions have been allocated to the appropriate type in the following manner:
- Real Estate - Income Earned less depreciation (Page 6, Line 12), Real Estate Expenses and Taxes (Page 11, Lines 19 and 20, Column 3).
  - All Other - Investment Expenses less Real Estate Expenses and Taxes prorated by income earned to total income earned less Real Estate Income.



Shelter Mutual Insurance Company

Companywide

Homeowners Multiple Peril

Development of Expense Ratios

Note: 000 s omitted.	2005	2006	2007	Total
1.) Direct Commission and Brokerage	\$ 35,508	\$ 35,354	\$ 36,560	\$ 107,422
2.) Direct Written Premium	243,103	246,988	262,761	752,852
Ratio: 1 / 2	14.6%	14.3%	13.9%	14.3%
3.) Other Acquisition Expense	\$ 9,464	\$ 10,105	\$ 11,988	\$ 31,557
4.) Direct Earned Premium	238,932	244,634	255,155	738,721
Ratio: 3 / 4	4.0%	4.1%	4.7%	4.3%
5.) General Expense	\$ 15,621	\$ 16,951	\$ 20,163	\$ 52,736
6.) Direct Earned Premium	238,932	244,634	255,155	738,721
Ratio: 5 / 6	6.5%	6.9%	7.9%	7.1%
7.) Taxes, Licenses and Fees	\$ 5,330	\$ 5,508	\$ 5,878	\$ 16,716
8.) Direct Written Premium	243,103	246,988	262,761	752,852
Ratio: 7 / 8	2.2%	2.2%	2.2%	2.2%
9.) Direct Loss Adjustment Expense	\$ 21,058	\$ 20,324	\$ 18,918	\$ 60,300
10.) Direct Losses Incurred	237,724	182,910	124,006	544,640
Ratio: 9 / 10	8.9%	11.1%	15.3%	11.1%

Source: Insurance Expense Exhibit.

**Shelter Mutual Insurance Company**

**Arkansas**

**Homeowners Multiple Peril**

Calculation of Expected Loss Ratio

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Commission and Brokerage (a)	14.3%
Other Acquisition Expense (a)	4.3%
General Expense (a)	7.1%
Arkansas Taxes, Licenses and Fees (b)	3.0%
Profit and Contingencies (c)	7.2%
<hr/>	
Sub-total	35.9%
Available for Losses and Loss Adjustment Expense	64.1%

(a) From attached Companywide Expense Ratios

(b) 2007 Premium Tax ratio in Arkansas

(c) From attached Determination of Underwriting Profit & Contingencies Provision

**Shelter Mutual Insurance Company**  
**Arkansas**  
**Homeowners Multiple Peril**  
**Determination of Underwriting Profit & Contingencies Provision**

Target Total Return on Surplus (after federal income tax):	12.0%	(I)
Expected Investment Income on Surplus (% of surplus, after federal income tax, including realized capital gains):	3.9%	(II)
Expected Net Income (% of surplus, after federal income tax):	8.1%	(III)=(I)-(II)
Target Premium to Surplus Ratio:	1.00	(IV)
Expected Net Income (% of earned premium, after federal income tax):	8.1%	(V)=(III)/(IV)
Expected Investment Income on Unearned Premium Reserves and Loss & LAE Reserves (% of earned premium, after federal income tax, including realized capital gains):	2.8%	(VI)
Underwriting Profit Provision (% of earned premium, after federal income tax):	5.3%	(VII)=(V)-(VI)
Expected Federal Income Tax Rate:	27.1%	(VIII)
Underwriting Profit Provision (% of earned premium, before federal income tax):	<span style="border: 1px solid black; padding: 2px;">7.2%</span>	(IX)=(VII)/[1-(VIII)]

**Shelter Mutual Insurance Company**  
**Arkansas Homeowners**  
**Revenue Summation**

	Current Premium	Proposed Change	
		%	\$
HO-3	<u>35,238,214</u>	<u>9.1</u>	<u>3,193,425</u>
Sub-Total	35,238,214	9.1	3,193,425
HO-4	416,019	(0.3)	-1045
HO-6	<u>67,970</u>	<u>(1.0)</u>	<u>-675</u>
Sub-Total	483,989	(0.4)	-1,720
Total, Forms 3 thru 6	35,722,203	8.9	3,191,705
Supplemental		0.0	0
Total Revenue Change	35,722,203	<b>8.9</b>	<b>3,191,705</b>

SHELTER MUTUAL INSURANCE COMPANY  
 HOMEOWNERS  
 Credibility Table  
 Based on 20,000 Exposure Units

<u>Lower Limit</u>	<u>Upper Limit</u>	<u>Credibility Factor</u>
0	12	0.00
13	112	0.05
113	312	0.10
313	612	0.15
613	1,012	0.20
1,013	1,512	0.25
1,513	2,112	0.30
2,113	2,812	0.35
2,813	3,612	0.40
3,613	4,512	0.45
4,513	5,512	0.50
5,513	6,612	0.55
6,613	7,812	0.60
7,813	9,112	0.65
9,113	10,512	0.70
10,513	12,012	0.75
12,013	13,612	0.80
13,613	15,312	0.85
15,313	17,112	0.90
17,113	19,012	0.95
19,013	20,000 +	1.00

**Assumptions:**

1. 10% claim frequency distribution with claims following a Poisson distribution.
2. Using the normal approximation with a 90% probability that the sample mean is within 3.5% of the true mean.
3. Partial credibility is based on the square root rule rounded to the nearest 5%.

**Shelter Mutual Insurance Company  
Arkansas  
Homeowners  
Development of Combined Trend and Projection Factor**

Severity Trends - Shelter Mutual Companywide					
Fiscal Acc Year	Ultimate Non-Wind Loss and LAE	Ultimate Non-Wind Claims	Ultimate Severity	Curve of Best Fit	
				12 Point	6 Point
9/2005	54,002,268	12,730	4,242	4,357	
12/2005	55,522,834	12,525	4,433	4,415	
3/2006	55,655,800	12,247	4,544	4,474	
6/2006	54,130,345	12,067	4,486	4,534	
9/2006	55,350,324	12,015	4,607	4,595	
12/2006	56,510,924	12,003	4,708	4,657	
3/2007	58,249,104	12,348	4,717	4,719	4,794
6/2007	60,081,697	12,772	4,704	4,782	4,829
9/2007	63,047,387	12,724	4,955	4,846	4,865
12/2007	65,430,219	12,855	5,090	4,911	4,900
3/2008	70,121,270	13,442	5,217	4,977	4,936
6/2008	63,640,473	13,719	4,639	5,044	4,972
Annual Percentage Change				5.48%	2.96%
r^2				0.670	0.080

Frequency Trends - Shelter Mutual Companywide					
Fiscal Acc Year	Ultimate Non-Wind Claims	Earned Exposures	Frequency X 100	Curve of Best Fit	
				12 Point	6 Point
9/2005	12,730	269,859	4.72	4.47	
12/2005	12,525	271,051	4.62	4.48	
3/2006	12,247	272,546	4.49	4.50	
6/2006	12,067	274,064	4.40	4.51	
9/2006	12,015	275,504	4.36	4.53	
12/2006	12,003	276,740	4.34	4.54	
3/2007	12,348	277,795	4.45	4.56	4.47
6/2007	12,772	278,836	4.58	4.57	4.48
9/2007	12,724	280,028	4.54	4.59	4.50
12/2007	12,855	281,428	4.57	4.60	4.51
3/2008	13,442	282,892	4.75	4.62	4.53
6/2008	13,719	284,474	4.82	4.63	4.54
Annual Percentage Change				1.31%	1.34%
r^2				0.120	0.849

Severity Trends - Shelter Mutual Arkansas					
Fiscal Acc Year	Ultimate Non-Wind Loss and LAE	Ultimate Non-Wind Claims	Ultimate Severity	Curve of Best Fit	
				12 Point	6 Point
9/2005	10,330,081	2,416	4,276	3,896	
12/2005	9,108,035	2,289	3,979	3,897	
3/2006	8,512,019	2,275	3,742	3,898	
6/2006	7,975,942	2,269	3,515	3,899	
9/2006	9,408,817	2,290	4,109	3,900	
12/2006	9,278,746	2,271	4,086	3,901	
3/2007	8,779,387	2,289	3,835	3,902	3,589
6/2007	8,362,231	2,283	3,663	3,903	3,695
9/2007	7,832,175	2,275	3,443	3,904	3,805
12/2007	8,894,866	2,341	3,800	3,905	3,918
3/2008	10,777,869	2,505	4,303	3,907	4,034
6/2008	11,078,291	2,644	4,190	3,908	4,154
Annual Percentage Change				0.13%	12.42%
r^2				0.000	0.433

Frequency Trends - Shelter Mutual Arkansas					
Fiscal Acc Year	Ultimate Non-Wind Claims	Earned Exposures	Frequency X 100	Curve of Best Fit	
				12 Point	6 Point
9/2005	2,416	43,553	5.55	5.17	
12/2005	2,289	43,889	5.22	5.16	
3/2006	2,275	44,288	5.14	5.16	
6/2006	2,269	44,654	5.08	5.16	
9/2006	2,290	44,982	5.09	5.16	
12/2006	2,271	45,303	5.01	5.16	
3/2007	2,289	45,575	5.02	5.16	4.87
6/2007	2,283	45,873	4.98	5.16	4.98
9/2007	2,275	46,187	4.93	5.16	5.09
12/2007	2,341	46,488	5.04	5.16	5.21
3/2008	2,505	46,807	5.35	5.16	5.33
6/2008	2,644	47,140	5.61	5.16	5.45
Annual Percentage Change				0.00%	9.44%
r^2				0.000	0.695

Severity Trends - Fast Track Arkansas					
Fiscal Acc Year	Non-Catastrophe Incurred Loss and LAE	Non-Catastrophe Paid Claims	Severity	Curve of Best Fit	
				12 Point	6 Point
12/2004	88,925,611	18,954	4,692	5,271	
3/2005	95,143,955	18,862	5,044	5,234	
6/2005	97,352,657	16,922	5,753	5,198	
9/2005	101,670,536	16,024	6,345	5,162	
12/2005	108,608,710	17,120	6,344	5,126	
3/2006	120,338,843	20,832	5,777	5,091	
6/2006	118,571,033	30,134	3,935	5,055	3,534
9/2006	127,135,776	31,893	3,986	5,021	3,918
12/2006	124,074,913	31,921	3,887	4,986	4,345
3/2007	117,443,953	29,364	4,000	4,951	4,818
6/2007	122,118,042	20,672	5,907	4,917	5,343
9/2007	119,803,281	18,803	6,371	4,883	5,925
Annual Percentage Change				-2.75%	51.23%
r^2				0.015	0.716

Frequency Trends - Fast Track Arkansas					
Fiscal Acc Year	Non-Catastrophe Paid Claims	Earned Exposures	Frequency X 100	Curve of Best Fit	
				12 Point	6 Point
12/2004	18,954	295,281	6.42	6.10	
3/2005	18,862	297,015	6.35	6.26	
6/2005	16,922	299,775	5.64	6.42	
9/2005	16,024	303,028	5.29	6.59	
12/2005	17,120	306,629	5.58	6.76	
3/2006	20,832	310,342	6.71	6.93	
6/2006	30,134	313,915	9.60	7.11	11.03
9/2006	31,893	317,489	10.05	7.29	9.82
12/2006	31,921	320,935	9.95	7.48	8.74
3/2007	29,364	323,959	9.06	7.67	7.78
6/2007	20,672	326,680	6.33	7.87	6.92
9/2007	18,803	329,447	5.71	8.07	6.16
Annual Percentage Change				10.70%	-37.27%
r^2				0.139	0.763

Trend Factor					
Fiscal Acc Year	Midpoint of Experience Period	Number of Years to 6/30/2008	Selected Severity 5.00%	Selected Frequency 0.00%	Combined Trend Factor
6/30/2004	1/01/2004	4.5000	1.2455	1.0000	1.2455
6/30/2005	1/01/2005	3.5000	1.1862	1.0000	1.1862
6/30/2006	1/01/2006	2.5000	1.1297	1.0000	1.1297
6/30/2007	1/01/2007	1.5000	1.0759	1.0000	1.0759
6/30/2008	1/01/2008	0.5000	1.0247	1.0000	1.0247

Projection Factor				Combined Trend and Projection Factor
Years from 6/30/2008 to 1/01/2010	Selected Severity 5.00%	Selected Frequency 0.00%	Combined Projection Factor	
1.5068	1.0763	1.0000	1.0763	1.3405
1.5068	1.0763	1.0000	1.0763	1.2767
1.5068	1.0763	1.0000	1.0763	1.2159
1.5068	1.0763	1.0000	1.0763	1.1580
1.5068	1.0763	1.0000	1.0763	1.1029

# Shelter Mutual Insurance Company Homeowners Arkansas

## ***Current Rate Level Factors as of June 30, 2008***

The parallelogram method adjusted for exposure changes was used to develop the current rate level factors shown below.

<b><u>Fiscal Year Ending</u></b>	<b><u>Factors</u></b>
June 30, 2004	1.0397
June 30, 2005	1.0184
June 30, 2006	0.9965
June 30, 2007	0.9961
June 30, 2008	0.9989

## ***Rate Change History (Percent Changes)***

<b><u>Effective Date</u></b>	<b><u>% Changes</u></b>
April 20, 2007	-0.4 %
September 24, 2004	3.4 %
December 28, 2002	12.9 %

Shelter Mutual Insurance Company  
Homeowners Forms 3,4,6  
Arkansas

*Premium Adjustment for Increases in Amount of Insurance Purchased*

<b>Form 3</b>									
All Policies Present Mid-Year			Policies Persisting to Subsequent Year						
Experience Year	Policy Count	Average Amount of Insurance	Policy Count	Average Amount of Insurance in Current Year	Average Amount of Insurance in Subsequent Year	Average Size Curve Factor in Current Year	Average Size Curve Factor in Subsequent Year	Percentage Change in Premium In Year Due to Inflation in Coverage Amounts	Cumulative Premium Trend Factor
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8) = (7)/(6) - 1	(9) = (1 + (8) ) * Prior (9)
2004	40,569	99,862	36,003	101,005	109,204	1.507	1.604	6.4%	1.435
2005	42,163	112,575	37,656	113,159	122,574	1.651	1.763	6.8%	1.348
2006	43,500	126,184	39,654	126,595	134,887	1.811	1.909	5.4%	1.263
2007	44,446	137,055	40,684	137,400	148,717	1.939	2.074	6.9%	1.197
2008*	45,423	149,646	43,696	150,025	153,026	2.089	2.125	1.7%	1.120
Projected**								12.0%	

<b>Forms 4,6</b>									
All Policies Present Mid-Year			Policies Persisting to Subsequent Year						
Experience Year	Policy Count	Average Amount of Insurance	Policy Count	Average Amount of Insurance in Current Year	Average Amount of Insurance in Subsequent Year	Average Size Curve Factor in Current Year	Average Size Curve Factor in Subsequent Year	Percentage Change in Premium In Year Due to Inflation in Coverage Amounts	Cumulative Premium Trend Factor
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8) = (7)/(6) - 1	(9) = (1 + (8) ) * Prior (9)
2004	3,474	26,091	2,243	25,326	25,401	1.751	1.755	0.2%	1.052
2005	3,281	27,740	2,158	26,702	27,218	1.822	1.849	1.5%	1.050
2006	3,299	29,334	2,246	27,975	28,252	1.889	1.902	0.7%	1.034
2007	3,445	31,042	2,366	29,688	30,127	1.954	1.975	1.1%	1.027
2008*	3,615	32,018	3,119	30,837	30,950	2.033	2.038	0.2%	1.016
Projected**								1.6%	

<b>Combined</b>
Premium Trend Factor
(10)
1.429
1.344
1.259
1.195
1.118

\* 2007 Data compare December exposures to corresponding June exposures for semi-annual growth rate as 2007 data not yet realized.

\*\* Projection period is from midpoint of latest experience year (fiscal year ending 6/30/2008) to one year past effective date (1/1/2009), which is 2.007 years.

Projection is based on simple average of annual growth rates in amount of insurance during prior years of experience period.

**Notes:**

The calculation of Trend in Amount of Insurance is restricted to observed changes in specific policies for which amount of insurance data is available for the following experience field. The adjustment for a trend in amount of insurance seeks to restate past premium levels at the expected amount of insurance at current valuations for those past exposures. The changing composition of this book of business due to steady growth prevents the use of simple averages in each experience field, which would be skewed significantly by differences between existing book and new policies being added to book.

(1) Total number of policies present in June of experience period.

(2) Average Coverage A amount for Form 3 policies; average Coverage C amount for Form 4 & 6 policies as of June of experience period.

(3) Number of policies present in June of experience period for which renewal data found during June of following experience period.

(4) Average principle coverage amount for policies for which renewal data is available; number of policies and average amount indicate this should be a fully representative sample.

(5) Average principle coverage amount for renewed policies.

(6) Average of approximate size curve factor attached to each policy according to experience period amount of insurance. Current rather than historical size curves used, but should approximate past rating well.

(7) Average of approximate size curve factor attached to each policy according to amount of insurance observed in subsequent experience period.

(8) Overall average percentage change in size curve factors used in premium determination.

(9) Cumulative factor to project amount of insurance premium increases from past level to mid-point of experience projection period. See notes above regarding use of most recent trend data to extrapolate into the near future.

(10) Average Premium Trend Factor from Form 3 and Forms 4,6 weighted by premium distribution shown below.

	<b>Form 3</b>	<b>Forms 4,6</b>	<b>Combined</b>
% Distribution of Current Premium	99%	1%	100%



Shelter Mutual Insurance Company  
Homeowners  
Arkansas  
Development of Excess Wind and Hail Loss Loading

Fiscal Accident Year Ending	Earned Premium (1)	Wind Incurred Loss (2)	Wind Loss Ratio (3)	*Normal Wind Loss Ratio (4)	Excess Wind Incurred Loss (5)	**Adjusted Wind Incurred Loss (6)	Re-Distributed Excess Wind Incurred Loss Adjustment (7)	Net Wind Incurred Loss Adjustment (8)
06/30/1990	10,682,094	1,314,110	12%	12%	0	1,314,110	1,012,500	
06/30/1991	11,072,918	1,331,888	12%	12%	(15,151)	1,347,039	1,049,544	
06/30/1992	11,090,728	1,810,763	16%	16%	0	1,810,763	1,051,233	
06/30/1993	10,802,345	924,301	9%	12%	(389,822)	1,314,123	1,023,898	
06/30/1994	10,551,307	1,709,816	16%	16%	0	1,709,816	1,000,104	
06/30/1995	10,863,880	1,194,723	11%	12%	(126,886)	1,321,609	1,029,731	
06/30/1996	11,416,219	12,120,847	106%	41%	7,470,056	4,650,791	1,082,084	
06/30/1997	12,199,549	5,050,396	41%	41%	80,488	4,969,907	1,156,332	
06/30/1998	13,458,681	2,171,352	16%	16%	0	2,171,352	1,275,679	
06/30/1999	15,002,762	9,057,270	60%	41%	2,945,377	6,111,893	1,422,034	
06/30/2000	16,077,928	4,109,298	26%	26%	0	4,109,298	1,523,943	
06/30/2001	16,937,958	8,584,232	51%	41%	1,683,970	6,900,262	1,605,461	
06/30/2002	18,696,085	4,720,401	25%	25%	0	4,720,401	1,772,105	
06/30/2003	22,766,403	3,165,537	14%	14%	0	3,165,537	2,157,909	
06/30/2004	26,358,034	5,265,047	20%	20%	0	5,265,047	2,498,341	2,498,341
06/30/2005	28,798,472	2,131,647	7%	12%	(1,371,735)	3,503,382	2,729,658	4,101,393
06/30/2006	31,235,044	12,518,595	40%	40%	0	12,518,595	2,960,608	2,960,608
06/30/2007	32,989,459	3,253,554	10%	12%	(759,669)	4,013,222	3,126,900	3,886,568
06/30/2008	34,983,411	37,529,032	107%	41%	23,277,332	14,251,700	3,315,896	(19,961,436)
Total	345,983,276				32,793,961		32,793,961	(6,514,525)

\*Normal Range:

25th Percentile of (3) 12%

75th Percentile of (3) 41%

2171352.11

9057269.53

\*\*Wind Load: Total (5) / Total (1) = 9.5%

(3) = (2) / (1).

(4) = (3) capped at max and min specified by "Normal Range".

(5) = [(3) - (4)] x (1); the amount of wind loss outside the "Normal Range" to be removed (added) across all years.

(6) = (2) - (5); the smoothed ratio of wind losses to earned premium.

(7) = Wind Load x (1); the amount of excess wind losses to be loaded back into Total Losses.

(8) = (7) - (5); Net Wind Losses to be added (removed) by Fiscal Accident Year.

Shelter Mutual Insurance Company  
Homeowners  
Projected Ultimate Loss and Allocated Loss Adjustment Expense

Companywide Paid Loss & Paid ALAE

Fiscal Year-End					Valuation Period (In Months)					
	@12	@24	@36	@48	@60	@72	@84	@96	@108	@120
6/30/1999	57,689,056	68,241,897	69,602,635	70,194,404	70,868,163	71,005,317	71,078,346	70,866,243	71,115,576	71,116,622
6/30/2000	47,559,459	58,165,123	59,275,681	60,483,940	61,157,846	61,219,185	61,369,973	61,399,379	61,430,257	
6/30/2001	78,744,691	103,448,404	106,873,983	107,765,538	107,999,053	108,195,918	108,295,929	108,305,780		
6/30/2002	84,372,548	108,466,425	111,132,643	112,173,836	112,441,234	112,491,795	112,574,259			
6/30/2003	97,414,105	122,578,020	124,742,589	125,973,043	126,527,219	126,693,587				
6/30/2004	69,130,687	91,976,055	94,544,128	95,503,051	96,055,867					
6/30/2005	57,254,322	72,794,974	74,852,031	76,028,131						
6/30/2006	169,850,453	213,112,592	219,487,864							
6/30/2007	69,854,557	92,599,925								
6/30/2008	118,466,691									

Companywide Reported Loss & Paid ALAE

Fiscal Year-End					Valuation Period (In Months)					
	@12	@24	@36	@48	@60	@72	@84	@96	@108	@120
6/30/1999	65,888,357	69,758,558	70,412,823	70,763,713	71,363,132	71,291,317	71,221,346	70,959,243	71,163,676	71,157,622
6/30/2000	56,279,517	59,938,359	60,698,788	61,773,218	61,584,290	61,570,285	61,478,546	61,480,379	61,500,094	
6/30/2001	92,550,412	105,797,684	108,545,013	108,686,149	108,306,842	108,399,537	108,363,730	108,346,743		
6/30/2002	104,746,325	112,364,110	112,672,840	112,763,422	112,729,580	112,762,870	112,772,109			
6/30/2003	133,685,994	125,908,759	125,974,386	126,562,435	126,872,669	126,906,033				
6/30/2004	100,122,691	95,940,370	95,766,718	96,216,002	96,345,664					
6/30/2005	82,251,662	75,367,898	75,861,849	77,136,556						
6/30/2006	260,713,601	219,855,290	220,969,784							
6/30/2007	110,969,198	95,711,828								
6/30/2008	209,469,435									

Companywide Claims with Payment

Fiscal Year-End					Valuation Period (In Months)					
	@12	@24	@36	@48	@60	@72	@84	@96	@108	@120
6/30/1999	33,571	36,380	36,593	36,654	36,703	36,726	36,730	36,731	36,732	36,734
6/30/2000	28,021	30,646	30,843	30,916	30,938	30,949	30,955	30,958	30,962	
6/30/2001	47,235	52,014	52,418	52,509	52,540	52,555	52,564	52,568		
6/30/2002	41,524	44,578	44,691	44,727	44,745	44,759	44,765			
6/30/2003	35,959	39,129	39,256	39,300	39,328	39,339				
6/30/2004	27,292	29,597	29,692	29,730	29,754					
6/30/2005	22,394	24,273	24,357	24,396						
6/30/2006	52,979	57,890	58,411							
6/30/2007	28,708	31,122								
6/30/2008	47,644									

Companywide Selected Incurred Loss & ALAE

Fiscal Accident Year (1)	Non-Wind Losses						Wind		Total	
	Cumulative Reported Losses (2)	Ultimate Development Factors (3)	Estimated Incurred Loss/ALAE (4) = (2) x (3)	Cumulative Paid Losses (5)	Ultimate Development Factors (6)	Estimated Incurred Loss/ALAE (7) = (5) x (6)	Selected Incurred Loss/ALAE (8)	Estimated Incurred Loss/ALAE (9)	Estimated Claim Count (10)	Selected Incurred Loss/ALAE (11) = (8) + (9)
6/30/1999	38,380,199	1.0000	38,380,199	38,339,199	1.0000	38,339,199	38,380,199	32,777,423	36,734	71,157,622
6/30/2000	42,390,926	1.0000	42,390,926	42,324,926	1.0000	42,324,926	42,390,926	19,109,168	30,962	61,500,094
6/30/2001	52,081,555	1.0000	52,081,555	52,043,753	1.0000	52,043,753	52,081,555	56,265,189	52,568	108,346,744
6/30/2002	70,095,914	1.0000	70,095,914	69,911,714	1.0000	69,911,714	70,095,914	42,676,196	44,765	112,772,110
6/30/2003	58,562,301	1.0000	58,562,301	58,404,347	1.0018	58,509,475	58,562,301	68,350,567	39,345	126,912,868
6/30/2004	58,007,515	0.9990	57,949,508	57,726,104	1.0038	57,945,671	57,949,508	38,380,325	29,769	96,329,833
6/30/2005	54,843,885	0.9975	54,706,857	53,751,149	1.0108	54,333,286	54,706,857	22,343,976	24,424	77,050,833
6/30/2006	54,049,730	1.0015	54,130,345	53,009,946	1.0260	54,387,816	54,130,345	167,806,120	58,570	221,936,465
6/30/2007	60,022,229	1.0010	60,081,697	57,386,737	1.0619	60,939,115	60,081,697	36,058,446	31,331	96,140,143
6/30/2008	69,105,959	0.9209	63,640,473	41,107,217	1.3539	55,656,113	63,640,473	122,669,208	52,190	186,309,681
5-yr Total			290,508,880			283,262,001	290,508,880	387,258,075	196,284	677,766,955
10-yr Total			552,019,774			544,391,067	552,019,775	606,436,618		1,158,456,393

Arkansas Paid Loss & Paid ALAE

Fiscal Year-End					Valuation Period (In Months)					
	@12	@24	@36	@48	@60	@72	@84	@96	@108	@120
6/30/1999	14,823,455	16,442,616	16,583,091	16,626,762	16,728,742	16,751,558	16,763,610	16,803,271	16,803,271	16,803,271
6/30/2000	9,869,837	10,898,355	10,846,410	11,003,219	11,233,674	11,251,554	11,270,662	11,270,305	11,270,654	
6/30/2001	15,417,299	17,413,470	17,665,028	17,889,118	17,909,298	17,918,625	17,918,461	17,918,461		
6/30/2002	13,362,552	15,767,849	15,893,495	16,009,373	16,018,528	16,030,511	16,030,565			
6/30/2003	11,123,836	12,516,434	12,711,397	12,796,772	12,943,754	12,907,530				
6/30/2004	12,218,273	15,237,657	15,625,132	15,731,495	15,880,253					
6/30/2005	10,207,236	12,251,047	12,498,782	12,765,465						
6/30/2006	15,757,337	19,533,896	20,270,053							
6/30/2007	9,752,836	11,477,791								
6/30/2008	36,450,181									

Arkansas Reported Loss & Paid ALAE

Fiscal Year-End					Valuation Period (In Months)					
	@12	@24	@36	@48	@60	@72	@84	@96	@108	@120
6/30/1999	16,005,181	16,558,964	16,686,231	16,723,712	16,814,073	16,826,958	16,819,010	16,808,671	16,808,671	16,808,671
6/30/2000	10,615,550	11,135,558	11,012,856	11,276,740	11,340,478	11,357,430	11,271,662	11,271,305	11,271,654	
6/30/2001	16,925,396	17,566,738	17,960,720	18,021,276	17,929,686	17,934,345	17,934,181	17,934,181		
6/30/2002	15,250,804	16,389,112	16,145,293	16,037,188	16,018,528	16,030,511	16,037,665			
6/30/2003	14,080,808	12,864,255	12,801,528	12,809,972	12,943,754	12,907,530				
6/30/2004	17,688,477	15,817,749	15,671,539	15,749,495	15,905,253					
6/30/2005	13,978,303	12,468,479	12,516,982	12,830,398						
6/30/2006	26,998,833	20,331,017	20,325,393							
6/30/2007	13,595,906	11,582,489								
6/30/2008	60,863,115									

Arkansas Claims with Payment

Fiscal Year-End					Valuation Period (In Months)					
	@12	@24	@36	@48	@60	@72	@84	@96	@108	@120
6/30/1999	7,836	8,353	8,401	8,414	8,423	8,430	8,431	8,432	8,432	8,432
6/30/2000	5,642	6,049	6,074	6,082	6,086	6,089	6,091	6,092	6,094	
6/30/2001	12,683	13,284	13,319	13,335	13,341	13,343	13,349	13,349		
6/30/2002	6,130	6,463	6,479	6,487	6,491	6,494	6,495			
6/30/2003	5,078	5,308	5,326	5,332	5,339	5,339				
6/30/2004	5,219	5,585	5,603	5,608	5,614					
6/30/2005	3,545	3,751	3,764	3,769						
6/30/2006	6,550	6,941	6,992							
6/30/2007	3,701	3,933								
6/30/2008	12,758									

Arkansas Selected Incurred Loss & ALAE

Fiscal Accident Year (1)	Non-Wind Losses						Wind		Total	
	Cumulative Reported Losses (2)	Ultimate Development Factors (3)	Estimated Incurred Loss/ALAE (4) = (2) x (3)	Cumulative Paid Losses (5)	Ultimate Development Factors (6)	Estimated Incurred Loss/ALAE (7) = (5) x (6)	Selected Incurred Loss/ALAE (8)	Estimated Incurred Loss/ALAE (9)	Estimated Claim Count (10)	Selected Incurred Loss/ALAE (11) = (8) + (9)
6/30/1999	7,751,402	1.0000	7,751,402	7,746,002	1.0000	7,746,002	7,751,402	9,057,270	8,432	16,808,672
6/30/2000	7,162,355	1.0000	7,162,355	7,161,355	1.0000	7,161,355	7,162,355	4,109,298	6,094	11,271,653
6/30/2001	9,349,949	1.0000	9,349,949	9,334,229	1.0000	9,334,229	9,349,949	8,584,232	13,349	17,934,181
6/30/2002	11,317,264	1.0000	11,317,264	11,317,264	1.0000	11,317,264	11,317,264	4,720,401	6,495	16,037,665
6/30/2003	9,741,993	1.0000	9,741,993	9,741,993	1.0004	9,745,890	9,741,993	3,165,537	5,340	12,907,530
6/30/2004	10,644,941	1.0003	10,648,134	10,619,941	1.0010	10,630,563	10,648,134	5,265,047	5,617	15,913,181
6/30/2005	10,707,037	1.0053	10,763,801	10,647,617	1.0110	10,764,850	10,763,801	2,131,647	3,773	12,895,448
6/30/2006	7,886,561	1.0113	7,975,942	7,836,501	1.0252	8,033,702	7,975,942	12,518,595	7,012	20,494,537

# Shelter Mutual Insurance Company Homeowners Companywide

## Development of Unallocated Loss Adjustment Expense Factor

	2005	2006	2007	Total
Note: Amounts in 000's				
1. Direct Loss and Defense/Cost Containment Expense Incurred	\$239,545	\$185,890	\$126,642	\$552,077
2. Direct Adjusting and Other Expense Incurred (ULAE)	\$19,237	\$17,344	\$16,282	\$52,863
3. Ratio of Direct ULAE Incurred to Direct Loss and Defense Incurred	8.0%	9.3%	12.9%	<b>9.6%</b>

Source: Insurance Expense Exhibit.

## Shelter Mutual Insurance Company

## Arkansas

## Homeowners Indicated Rate Level Change

	Fiscal Year Ending 6/30/2004	Fiscal Year Ending 6/30/2005	Fiscal Year Ending 6/30/2006	Fiscal Year Ending 6/30/2007	Fiscal Year Ending 6/30/2008
1. Earned Premium	\$26,358,034	\$28,798,472	\$31,235,044	\$32,989,459	\$34,983,411
2. Current Rate Level Factor	1.0397	1.0184	0.9965	0.9961	0.9989
3. Effect of Trend in Amount of Insurance	1.4295	1.3440	1.2594	1.1950	1.1183
4. Trended Premium at Current Rates [(1) x (2) x (3)]	<b>\$39,173,850</b>	<b>\$39,417,053</b>	<b>\$39,200,381</b>	<b>\$39,271,429</b>	<b>\$39,080,653</b>
5. Incurred Loss and Allocated Loss Adjustment Expense	\$15,913,181	\$12,895,448	\$20,494,537	\$11,615,785	\$48,607,323
6. Wind/Hail Loss Adjustment	2,498,341	4,101,393	2,960,608	3,886,568	-19,961,436
7. Losses Adjusted for Wind/Hail Losses [(5) + (6)]	\$18,411,522	\$16,996,841	\$23,455,145	\$15,502,353	\$28,645,887
8. Factor to Trend and Project Losses to 1/1/2010	1.3405	1.2767	1.2159	1.158	1.1029
9. Unallocated Loss Adjustment Expense Factor	1.0958	1.0958	1.0958	1.0958	1.0958
10. Trended Loss and Loss Adjustment Expense [(7) x (8) x (9)]	<b>\$27,043,890</b>	<b>\$23,777,693</b>	<b>\$31,249,900</b>	<b>\$19,670,656</b>	<b>\$34,618,724</b>
11. Formula Loss Ratio [(10) / (4)]	69.0%	60.3%	79.7%	50.1%	88.6%
12. Experience Year Weight	10%	15%	20%	25%	30%
13. Weighted Formula Loss Ratio [sum the products of (11) & (12)]	71.0%				
14. Credibility - Based on 20,000 Earned House Years	100.0%				
15. Expected Loss Ratio	64.1%				
16. Trended Expected Loss Ratio [(15) X (20) ^ 1]	66.3%				
17. Credibility Weighted Formula Loss Ratio [(13) X (14) + (16) X (1 - (14))]	71.0%				
18. Current Provision for Variable Expenses of Commissions, Taxes and Profit	24.5%				
19. Current Provision for Fixed Expenses of General and Other Acquisition Expense	11.4%				
20. Factor to Trend Fixed Costs	1.035				
21. Trended Fixed Costs [(19) X (20) ^ 1]	11.8%				
22. Indicated Rate Level Change with Provision for Fixed and Variable Expenses [(17) + (21)] / [1.000 - (18)] - 1.000	<b><u>9.7%</u></b>				

Line 14 -- Partial Credibility is based on the square root rule rounded to the nearest five percent.

Lines 16 & 21 -- Projecting of fixed expenses is done from one year past the effective date of the last rate change (04/20/2007) to one year past the expected effective date (01/01/2009), limited to one year.

**Shelter Mutual Insurance Company  
Revenue Change by Zone  
Arkansas Homeowners**

Zone	Data		
	Annual Policy Premium	Total % Change	Total \$ Change
4	713,845	10.4%	74,315
12	201,394	8.9%	17,997
13	131,489	10.6%	13,939
15	444,149	12.4%	55,189
16	707,296	1.4%	9,979
18	1,509,735	11.3%	171,273
20	151,774	1.5%	2,263
21	82,791	13.6%	11,272
23	2,550,941	12.4%	316,504
24	3,484,435	11.3%	395,105
26	578,196	0.5%	2,726
28	528,075	14.1%	74,509
29	1,197,331	4.0%	48,049
31	361,823	12.2%	44,190
32	298,881	3.5%	10,404
34	198,465	7.7%	15,357
35	1,435,361	11.6%	166,132
36	1,579,897	14.5%	228,661
38	1,044,245	11.1%	116,029
40	158,272	-0.6%	(896)
41	52,287	11.5%	6,026
44	727,023	3.4%	24,965
45	337,340	2.7%	9,265
49	549,476	14.3%	78,734
50	542,751	14.5%	78,512
51	1,140,947	11.3%	129,049
53	2,843,010	10.8%	305,692
55	216,988	3.9%	8,354
57	426,357	9.5%	40,717
58	822,761	14.4%	118,245
62	1,535,425	8.4%	128,757
68	152,350	6.3%	9,653
75	328,642	10.8%	35,381
77	211,849	1.6%	3,310
78	3,487,037	3.5%	123,662
79	83,569	-0.6%	(520)
87	632,282	13.9%	87,974
88	1,806,042	8.8%	159,580
91	2,264,107	3.3%	74,019
95	203,566	-1.3%	(2,666)
Grand Total	35,722,203	8.9%	3,191,705

**SHELTER MUTUAL INSURANCE COMPANY  
ARKANSAS  
HOMEOWNERS, FARMOWNERS, PLATINUM SHIELD & MOBILE HOMEOWNERS  
CLAIMS SURCHARGE COMPARISON**

**CURRENT**

Number of Claims	Non-Weather				
<b>Weather</b>	0	1	2	3	4+
0	0	30%	85%	85%	85%
1	0	30%	85%	85%	85%
2	0	30%	85%	85%	85%
3	0	30%	85%	85%	85%
4+	0	30%	85%	85%	85%

**PROPOSED**

Number of Claims	Non-Weather				
<b>Weather</b>	0	1	2	3	4+
0	0	15%	50%	85%	85%
1	0	15%	50%	85%	85%
2	0	15%	50%	85%	85%
3	0	15%	50%	85%	85%
4+	0	15%	50%	85%	85%